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24 APRIL 1986

WEST EUROPE REPORT

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POLITICAL

FEDERAL REPUBLIC OF GERMANY

SPD REDUCES CONTACT WITH EAST DURING ELECTION CAMPAIGN

Frankfurt/Main FRANKFURTER RUNDSCHAU in German 17 Mar 86 p 3

[Article by Helmut Loelhoeffel, Bonn: "A Little Distance to the Surviving Partner; Worry About Misinterpretations: The SPD does not want to Attract Attention With its 'Opposition Foreign Policy'"]

[Text] It does not require any clairvoyance to predict what will happen in East Berlin on 21 April 1986. The delegates to the 11th SED Congress will unanimously reelect comrade Erich Honecker general secretary of their Central Committee and speakers will pay tribute to the 40th anniversary of the merger of the KPD and the SED to the Socialist Unity Party of Germany as a "historical event in the struggle for the unity of the working class."

The SPD, too, has prepared itself for this date, though not as a day of rejoicing. After the "anti-Americanism" campaign touched off by CDU General Secretary Heinrich Geissler pathetically fizzled out because of lack of credibility, it had to be expected that another suspicion against the Social Democrats would be rehashed, namely, that they are unable to dissociate themselves from Communists. This Monday when a discussion is initiated in the Erich Ollenhauer House in Bonn on the topic, "40 years later, Social Democrats and Communists," (the speakers will be Willy Brandt and Bruno Kreisky), this is not the calculated reaction to present worries in the preelection campaign but part of the definition of the SPD's position.

The groundwork was laid for the discussion with a series of articles in the periodical *NEUE GESELLSCHAFT/FRANKFURTER HEFTE*. To start with SPD executive board member Horst Ehmke wrote in an article on ideological and social antagonisms in the Eastern and Western states: detente or coexistence can "by no means end the ideological dispute and the peaceful competition of the social systems." This was followed by a "plea" by Peter Glotz for an offensive SPD foreign policy in the Bundestag election campaign. The federal general secretary worded one of his messages as follows: "The rational rejection of the political system of communism is justifiable and necessary. But exaggeration of this rational rejection to emotionally deeply rooted hostilities leads to inability to attain peace." And finally an analysis of the "forcible merger" of 40 years ago by Egon Bahr, member of the SPD presidium. His conclusion: "Both sides reject ideological coexistence. There is nothing to revise. But even ideological adversaries have become indispensable partners of survival."

This chain of thought is the reason why the SPD seeks and carries on the political conversation with East European communist parties even though common ideological roots of Communists and Social Democrats are a permanent trauma for both. A worldwide observed peak of the SPD East contacts last year was the conclusion of a "general agreement" for a chemical-weapons-free zone in Central Europe. But what the Social Democrats are doing as opposition looks suspicious to many and in Bonn is called "opposition foreign policy."

Whoever invented this word (credible claim to authorship is made by Volker Ruehe, deputy chairman of the CDU/CSU Bundestag parliamentary group), the new term "opposition foreign policy" has become a touchy topic. With his remark "Where there is nothing there is no opposition policy," SPD chairman Willy Brandt has made fun of what Hans-Jochen Vogel, SPD parliamentary group chief in the Bundestag, during the debate on the "State of the Nation" seriously formulated as follows: "We have only become active," he absolved his party to the federal government, "because you remain inactive."

Since the Social Democrats have been in the opposition, they have not permitted their manifold and close contacts with West and East to peter out, but have fashioned a tangle of relations which can be useful to them if they were to achieve governmental power once again. Especially in the eastern part of Europe has the SPD developed the contacts established by itself with a new unconventional type of "opposition diplomacy"--much to the annoyance of CDU and CSU, which have not gotten that far as yet and, moreover, have trouble to push past Foreign Minister Hans-Dietrich Genscher (FDP).

The SPD formed joint working groups with East European communist parties, the Friedrich Ebert Foundation conducted colloquia on security policy, editors of the theoretical journals NEUE GESELLSCHAFT (SPD) and EINHEIT (SED) met, members of the SPD Basic Values Commission already had four discussions alternately at the Scharmuetzelsee and in the Black Forest--with leading GDR social scientists. The "opposition foreign policy" took its course....

But lately a handbrake has been applied. A first hint, initially not taken particularly seriously, was provided by Brandt in an SPD presidium session at the end of February. More as an aside he remarked that the current SPD/SED conferences on a nuclear-free corridor in Europe should not be dragged "into the fall," thus not into the election campaign. Since in the Bonn SPD headquarters, at this time everything that is not immediately clear is attributed to Bodo Hombach, the election campaign manager of the chancellor candidate Johannes Rau, this time, too, the alleged originator was quickly identified. And the assumption of journalists that the SED contacts were to be suspended for reasons of campaign tactics was obvious.

In fact, in the SPD leadership it is well known that Rau is not opposed to East party contacts but to "treaty-like papers" of the kind of the "chemical weapons agreement." Persons traveling with him on his U.S. trip in early February gained the impression that he promotes this example of disarmament policy. Assuming this impression was not deceiving, he may well have changed his view in the meantime. And moreover Rau has internally advised against that SPD and SED functionaries conducting joint press conferences if there are no demonstrable results.

"Unmasking" labeled Theo Weigel, chairman of the CSU Land group in the Bundestag, a FRANKFURTER RUNDSCHAU report of 11 March on the intended interruption of SPD/SED contacts. And his parliamentary group colleague Ruehe scoffed that this action is merely "rearrangements in the display window of SPD policy."

In the journal DDR REPORT Ruehe formulated his "grave worries": The SPD opposition policy takes place "outside the alliance framework" and offers "Eastern governments a welcome gateway for agitation and propaganda in favor of Soviet interests in the security policy." He was contradicted--also in DDR REPORT--by Wilhelm Bruns, director of the department for foreign policy and GDR research with the Friedrich Ebert Foundation. Bruns goes even beyond that by demanding not only "a security policy component in the German-German relations," which Ruehe clearly rejects, but even considers feasible a "common German-German security policy commission"--with the prospect of "joint initiatives."

Those who do not trust the SPD in this field will get new support when it will be confirmed that the "opposition foreign policy maker" Bruns of all people is to be observer at the SED Congress from 17 to 21 April on behalf of the SPD chairman. Bruns, expert for East-West security policy together with Hans Pelger, the director of the Karl Marx House in Trier, in 1983 had participated in an international scientific Karl Marx Conference in East Berlin and even delivered a speech there.

A short time before the SED Congress, on 12 April, Willy Brandt will speak in West Berlin on the occasion of the 40th anniversary of the "forcible merger." He will recall the totalitarian claim to power of the Communists in the spring of 1946 and also of the fact that at that time the Social Democrats in the West consciously did not want organizational unity, at best collaboration. That is not what the SED, which writes its history differently, likes to hear in the East. At the party congress, observer Bruns will make this distance clear and perhaps also feel the effects of some worsening of the atmosphere between the parties of the German Social Democrats and the German Communists.

12356

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POLITICAL

FEDERAL REPUBLIC OF GERMANY

ASPEN INSTITUTE: GUEST WORKERS' POLITICAL INVOLVEMENT GROWS

Berlin DER TAGESSPIEGEL in German 16 Mar 86 p 57

[Article by Uwe Schlicht: "What Are Foreigners in Western Europe Turning Into?"]

[Text] Americans are proud of being a country of immigration. The "melting pot of nations" has worked for centuries. Today, however, the United States is finding out more and more that whereas full citizenship, obtained after 5 years' legal residence is the linking factor for many immigrants, in reality whole groups of immigrants live side by side retaining their particular characteristics. In New York, Chinese, Koreans, Columbians, Hispanics, Poles, or Russians develop their dynamics precisely in a multinational side-by-side existence.

FRG Germans do not want to become a country of immigration under any circumstances despite the fact that there are 4.5 million foreigners living in West Germany, of whom 1.6 million can be considered workers. Will the Federal Republic in the long run demand that guest workers fully integrate, renounce their present citizenship, and adopt German citizenship before becoming citizens with all the rights and duties involved? These questions were the focal point of an internationally attended Aspen seminar of politicians, scientists and representatives of minorities about the subject of ethnic minorities in Western Europe.

Equal Rights on the Job

In the FRG foreign workers have achieved fully equal rights only on the job. The Labor Management Act allows them unlimited participation in works council elections. In fact foreign workers after the last works council elections constitute 11 percent of the works councilors nationwide--according to the Metalworkers Union. From participation in political decisions at the local, Land, or Federal level, guest workers are excluded for the time being. Since the question of equal political rights is raised sporadically by German politicians time and again, it is to be expected that this question will be dealt with more intensively in the next 10 years. At least this was the German prognosis at the Aspen seminar.

The Swedes, who as recently as in the fifties had prohibited even any participation in demonstrations and any kind of political activity by foreigners, in 1976 for the first time allowed foreign workers and their family members, provided that they had lived in Sweden a minimum of 3 years, to participate in local and regional elections, but not in elections to the national parliament. In the three elections held since that time with the participation of foreigners, for a start a surprising development occurred: participation by foreigners went down increasingly, dropping from 59 percent to 45 percent in the last elections. According to the Swedes, this decrease in participation is due to frustration among the foreigners, who had pinned excessive expectations on their having been granted the right to vote for an improvement in their situation, and thereafter saw that progress was taking its time. The debate surrounding the participation of foreigners in elections appears to be typical of many deliberations in other countries. At the Aspen seminar, Swedes reported great anxiety before the reform lest the foreigners found their own parties and transport foreign conflicts to Sweden. Of two parties founded by foreigners at the local level, only one has been able to maintain itself, however, and fears of political extremism have not been confirmed. Participation by foreigners in the elections, the Swedes said, furthered their integration, however, because they had to deal with Swedish society and politics to an extent quite different from what it had been. The Swedish parties too had to reorient themselves in searching for election candidates among the ethnic groups and for particular interests of foreigners.

In the meantime Norway and Denmark have followed Sweden's lead, and the Netherlands have just introduced the right of foreigners to vote in communal elections.

The German answer to the questions raised by the Scandinavians varied. The CDU believes that the reason why the granting of the right to vote raises exaggerated expectations on the part of foreigners is that even after the elections foreigners remain in the minority and cannot become a majority. Even just wanting to introduce the right of foreigners to vote in local elections in Germany would mean paying a high price politically and entail enormous efforts among the population. In the CDU's view, the guest-workers problem can be solved only over the long term and step by step, provided that there is no new wave of immigration.

In the view of the Social Democrats, on the other hand, granting guest workers the right to vote in municipal elections would compel German politicians to concern themselves to a great extent with the foreigners' interests. Representatives of the Metalworkers Union have gone so far as to call without reservations for a new political orientation in the Federal Republic and, therefore, have advocated the granting of full political rights to foreigners

Turks Want To Stay

The Turks, who constitute the largest contingent of foreigners, maintain the closest possible ties with their compatriots living in this country, drafting them for military service, and it is well known that the Turks do not want to abandon their citizenship. The expectation that Turkish guest workers after having earned some money in the Federal Republic over a period of several years will return to their homeland is becoming increasingly unrealistic. Most of them have settled here permanently. But they do not want German citizenship. The reason was hinted at by a representative of the Turkish community in Berlin when he said that most Turks living in this country are not educated enough to form a precise idea of what German citizenship would mean. Many of them were afraid they would have to give up their identity as Turks or Muslims. If, however, they were given a chance to experience German citizenship for a time, such fears could be overcome. The suggestion he made was to grant the Turks dual citizenship, German and Turkish, for 3 or 5 years, and only after that to require them to opt for one or the other citizenship for good. The idea of dual citizenship is supported by the Turkish Government, the representative of the Turkish community said. The Turks were hoping thus to obtain equal rights.

Little Naturalization

In the Federal Republic, one needs 10 years' residence before one can apply for naturalization. Since 1981 a large number of Turks have become eligible to do so, but only a few--only 0.1 percent of those eligible--have made application and acquired citizenship. In 1981, 530 Turks received FRG citizenship; in 1982, 568; in 1983, 846; and in 1984, 1,042. These are nationwide figures.

In West European countries such as France and Great Britain, there is no such thing as the right of foreigners to vote in municipal elections, but every year a large number of foreigners are naturalized and as new citizens enjoy all the rights of Frenchmen or Englishmen. In Great Britain foreigners, upon application, receive British citizenship after continuous residence for a period of 5 years. Since 1981, when legislation concerning aliens was tightened, about 50,000 aliens a year have become citizens that way. Citizens of Commonwealth countries, in any case, can have dual citizenship with all the rights involved. They have to register after entering Great Britain and, upon application, obtain British citizenship without losing their original citizenship. Yet, Great Britain has curtailed considerably initial immigration by foreigners over the years--from 18,000 to 6,000 annually.

There are almost 1.7 million aliens in Great Britain. Of these, about 1 million have full rights of political participation, while more than 600,000 do not.

In France there are at present about 4.5 million foreigners without French citizenship. In the past 10 years, however, about 1 million foreigners have been granted French citizenship, and thus full equality of rights, including many foreigners born in France, persons who have married French citizens, or Algerians and Tunisians. One can apply for citizenship only after having legally resided in France for at least 5 years. If one remains an alien, however, one does not have the right to vote, at whatever level.

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POLITICAL

GREECE

BRIEFS

'DEATH VIRUS' RESEARCH FOR U.S.--The Thessaloniki Aristotelion University School of Medicine has, for the past 2 years, been engaged in "death virus" research for the U.S. Army! This study, which began on 3 January 1984 at the microbiology laboratory of the school, was approved by the Ministry of Health and Welfare, was financed by the U.S. Army with \$66,067 (about 8.5 million drachmas), and is now under the supervision of Assistant Professor A. Andoniadhis. The official title of the program is: "Crimean Hemorrhagic Fever and Hemorrhagic Fever With Kidney Syndrome in Greece." It was learned that, during this research, close cooperation developed between the laboratory and U.S. officers from the bases. Top secret correspondence also has been exchanged between the laboratory and the Ministry of Health. The virus (arbovirus) under study is fatal and can be used as a bacteriological weapon. [Text] [Athens RIZOSPASTIS in Greek 10 Apr 86 p 1 NC] /9738

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24 April 1986

POLITICAL

ICELAND

MATHIESEN, HALLGRIMSSON DISCUSS FOREIGN MINISTRY POLICIES

Hallgrimsson Vows Continued Policy

Reykjavik MORGUNBLADID in Icelandic 25 Jan 86 p 2

[Text] "I am certain that the same policy will be followed in foreign affairs as has been followed hitherto and wish my successor the best of luck in his new office," said Geir Hallgrimsson in an interview with MORGUNBLADID at the conclusion of a State Council meeting in Bessastadir yesterday when he resigned from his office as Icelandic Foreign Minister.

"What is uppermost in your mind just now?"

"First and foremost I am thankful for having had the opportunity to serve as Icelandic Foreign Minister, a post through which I have had an influence on foreign affairs for some time. This has involved protection of Iceland's independence and self determination. I have had very capable assistants and I will miss them and the problems that we have had to deal with in recent months. I am, on the other hand, looking forward to my new tasks as chief of the Icelandic Central Bank."

"What were the most noteworthy accomplishments in foreign affairs during the period in which you were Icelandic Foreign Minister?"

"Most noteworthy, I think, were the ratification of the Law of the Sea Treaty by Iceland and the delineation of Icelandic jurisdiction over the Reykjanes Crest and in the Hatton/Rockall Region. Also noteworthy were the establishment of a special Icelandic Office of Defense and a more open discussion of defense and security issues than was the case before. I also think noteworthy the decision to have Iceland take part in the business of the NATO Defense Affairs Committee. Iceland is gaining a better appreciation through its participation in the work of the committee of what we need to do in cooperation with our NATO allies to secure Icelandic security. The construction of the radar bases and the new Keflavik airfield are also noteworthy milestones."

"When planned changes in the government were made public you made clear that you had no plans to drop out of politics. It has now been decided that you will become Chief of the Icelandic Central Bank. Has there been any change in your position?"

"It is clear that I am going to have my hands full as Chief of the Icelandic Central Bank. There are provisions in the regulations governing the Icelandic State Bank which stipulate the rights of the bank chief to give his candid evaluation of economic developments and of policy formulations in this area. It should be assumed that, although I am now taking a post in the Icelandic Central Bank, I make no promises as to whether or not I shall change my views or my post in the future."

Mathiesen Sees Foreign Trade Role

Reykjavik MORGUNBLADID in Icelandic 25 Jan 86 p 2

[Text] "As I take over this post, I would like to avail of the opportunity to thank Geir Hallgrímsson for his important and influential actions in the post of Icelandic Foreign Minister. He has greatly increased Iceland's initiative in foreign affairs and in defense issues," said Matthias A. Mathiesen, Icelandic Foreign Minister, in an interview with MORGUNBLADID after yesterday's meeting of the Icelandic State Council in Bessastadir when he took over the post of foreign minister.

"Will there be changes in foreign policy during your ministry?"

"We will naturally maintain an unchanged policy, the policy of the government in foreign affairs. I would like to take up where Geir Hallgrímsson has left off and to attempt to deal with those issues which the Ministry of Foreign Affairs has been dealing with.

I worked to achieve certain changes in foreign trade matters during the period that I was Icelandic Minister of Trade. I worked, among other things, to achieve the cooperation of all of those involved in foreign trade. This involves the Ministry of Foreign Affairs and its staff very much and likewise Icelandic ambassadors who have accomplished many things in this area. In continuation of these preparations, I will work to promote the actions of the Icelandic Foreign Service in the area of foreign trade while I am Icelandic Foreign Minister," said Matthias A. Mathiesen, foreign minister.

Hallgrimsson Named Bank Chief

Reykjavik MORGUNBLADID in Icelandic 25 Jan 86 p 2

[Announcement: "Geir Hallgrimsson Appointed Central Bank Director"]

[Text] Geir Hallgrimsson has been appointed chief of the Icelandic Central Bank as of 1 September.

David Olafsson, who became seventy this year, has asked to be allowed to retire as bank chief as of 1 September and Icelandic Minister of Trade Matthias Bjarnason has given him permission to retire as of that date. The Icelandic Minister of Trade has like wise, at the suggestion of the Bank Council of the Icelandic Central Bank, appointed Geir Hallgrimsson to the post of bank chief.

Paper on Foreign Minister

Reykjavik MORGUNBLADID in Icelandic 25 Jan 86 p 28

[Editorial: "Government Change of Personnel"]

[Text] It is a given here in Iceland that changes are made in governments after their formations. Such a change took place in October when Geir Hallgrimsson, foreign minister, made the proposal that Thorsteinn Palsson, Hallgrimsson's successor as chairman of the Independence Party, should take a seat in the government and proposed that he himself leave the government at the beginning of 1986. People had long been discussing the fact that it was impossible to leave the chairman of the Independence Party out of the government. "I am of the opinion and have been of the opinion," said Geir Hallgrimsson in this connection, "that the chairman of the Independence Party should be in the government and it is conducive for me to bring this about through vacating my seat to make it possible for the chairman to be in the government."

Upon this basis, Thorsteinn Palsson made a proposal on changes in government ministers in terms of the Independence Party. In accordance with the proposal, Matthias A. Mathiesen gave up his position as Icelandic Minister of Trade on 16 October with the understanding that he take over the position of foreign minister from Geir Hallgrimsson. Yesterday the proposal was finalized and Geir Hallgrimsson has also been appointed chief of the Icelandic Central Bank as of 1 September, when David Olafsson will retire due to old age.

Geir Hallgrimsson's actions in foreign affairs since he took over his ministerial post in May of 1983 have been purposeful. He favored organizational changes in the Ministry of Foreign Affairs for the purpose of achieving more active Icelandic participation in NATO activities. There was more political solidarity on these changes than many expected, something confirmed by how businesslike we went about this sensitive task. Geir Hallgrimsson never shied away from the fundamental principal that security interests should form the basis of bilateral defense cooperation with the United States. He stood firmly against the views of those who would make the

garrison force into a source of revenue and has not hesitated to make his intentions and his policy actions subject to the evaluation of neutral parties. The outcome of the battle has been to his advantage. In addition, Hallgrimsson has gained trust and respect on account of his actions at conferences and meetings, whether the circumstances have involved meetings of the representatives of east and west or of NATO allies. Hallgrimsson has shown and demonstrated in his actions as Icelandic Foreign Minister that it is important that a representative of the Independence Party, a representative of that political force which has never compromised in its defense of Icelandic interests, sits before them. It was no surprise that things turned out well in this connection for both the Icelandic people and for the Independence Party that there was once again a member of that party in the weighty post of Icelandic Foreign Minister after a thirty year gap. Geir Hallgrimsson has written an important chapter in the history of Icelandic foreign policy since the Spring of 1983.

When Geir Hallgrimsson explained his proposal presented last autumn he made it clear that he was not going to drop out of politics. There is little precedence here in Iceland in the case of ministerial changes during the period of a government service for those persons who give up direct participation in politics to resume a political role later. Elsewhere, in Norway, for example, where ministers cannot be MPs and where MPs must renounce their seats while serving as ministers, it is the custom to draw upon persons outside parliament to be ministers. It emerged from a poll carried out by MORGUNBLADID last year on the views of the public on politicians and announced during the autumn that an overwhelming majority of those answering felt that persons outside the Althing should be called upon to be ministers. These are remarkable results in view of the practices hitherto the case in Iceland and should be a matter of concern for MPs. It is the case in Finland that the Central Bank is considered a stopping place for politicians when they cease direct participation in politics. It is nothing exceptional there for chiefs of the Finnish Central Bank to be called back into political activities, in one way or the other. Where there has been discussion in Iceland in years past on proposals on extra-parliamentary government people have often, in their considerations of a possible heads for such a government, looked to such persons as chiefs of the Central Bank. This is due to the fact that, in the view of some with influence upon public opinion formation, Central Bank officials are not isolated from what is going on. There is not a little to be gained from such institutions using the leadership of those with substantial political experience.

When Geir Hallgrimsson gave up the chairmanship of the Independence Party in 1983 an era of change began within the party. The era has not, however, come to an end with Hallgrimsson's leaving the government. To the contrary, it can certainly be reasoned that a new chapter in the history of the era of party change has begun with the departure of Hallgrimsson from the government. It is clear that reforms are needed within the Independence Party as a parliamentary party. There are many indications that the so called system point of view enjoys more support with the parliamentary party than among those attending the party national convention, not to mention the younger generation participating under the party banner in youth associations.

With the departure of Geir Hallgrimsson one of the main pillars of the government has left his ministry. Thorsteinn Palsson took on a difficult task when he took over the post of Minister of Finance. The large balance deficit of the state treasury in recent years shows that there is need to undertake a reform of financial administration. It is nonetheless easy for the chairman of the Independence Party, of that party which desires low taxes and small state expenditures, to seek to manage the public household now that ends are meeting.

When Matthias A. Mathiesen asked for the Icelandic Ministry of Trade concerns were naturally raised here that he would propose major reforms in the scope of its operations shortly. But the statement was made that the justification was nothing more than that Matthias A. Mathiesen had an interest in the Ministry of trade. His situation in this case was the same as Geir Hallgrimsson since a member of the Independence Party had not held the post of Icelandic Trade Minister since 1956. The new Icelandic Foreign Minister is following in the tracks of Geir Hallgrimsson. This is, however, still more difficult than simply to flow along with the times. There is no end to problems in foreign affairs. At the same time, one must respond to altered external conditions and strengthen Iceland's position, so that there is firm ground under our feet. The policy of the Independence Party and the strength of the party's position in foreign and security affairs indicate a path towards certain goals for any representative of the party occupying the post of foreign minister.

The popularity of the government has dwindled in recent months, if we may believe the public opinion polls. They also show that support for the political parties is stagnant. Such, however, is the comparative position of the parties that the Independence Party is maintaining its position fairly well while the Progressives are at a numerical low point. The Progressive Party has been a part of governments continuously for almost 15 years. The last time that an Icelandic political party, the Social Democratic Party, was this long at a time in power it lost much support in elections. The Progressive party has contributed nothing new at all to government or to the Althing, if we exclude the fisheries system changes. In the coalition it has been the Independence Party which has been the instigator of those things of note.

We make no prophecies here on what effect the changes of personnel will have on the life of the government. One thing is clear. There is now departing from the government that man who has had the broadest political experience among those in the present government. With his departure from it there will now be a gap that cannot be filled.

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CSO: 36260018

POLITICAL

ICELAND

PAPER EXAMINES GOVERNMENT'S PROBLEMS AT YEAR'S END

Reykjavik MORGUNBLADID in Icelandic 31 Dec 85 p 22

[Editorial: "Politics as the New Year Begins"]

[Text] If we look at what will happen in Icelandic politics during the new year and attempt to prophesy the future we will have little to say regarding what politicians and the mass media consider the most important: economic projections, budget figures, interest rates, the determination of foreign exchange rates and the accumulation of foreign debt. These are all problems for the short term. They can always be solved. The most important thing is that politicians have been successful in doing what they have tried to do: to lead the people in such a way that comparative peace reigns on the road to common goals.

Political discussions of recent weeks have been characterized by a lot of noise made about matters which the politicians have little to say about after they have come into the hands of the courts or the police. It is in and of itself hardly surprising that effort is made to use such matters to get in a blow against political opponents. Attacks of this sort are by and large a temporary uproar that ends without final results. This is not achieved until the courts have finished their duties. It often takes quite a while to tie up all the loose threads. There is a difference between the reactions to things that the courts ought to exhibit and hasty decisions of politicians to accuse and condemn in the same breath. Such strokes may be easier but politicians have no more right than anyone else to judge and to justify themselves in terms of law and regulation.

If we look at what is going on behind the scenes of political struggle, and if we make an effort to evaluate the undertones which determine the future more than the uproar of times past, certain interesting facts then emerge. In accordance with decisions taken during the autumn, foreign minister Geir Hallgrimsson will leave the government during the next few weeks. The change will lead to political uncertainty on account of a man who has stood like a rock in the sea for the past decade. What influence will his departure have upon a government which is suffering dwindling popularity. The departure of Hallgrimsson from the chairmanship of the Independence Party in 1983 marked the beginning of changes in the party and in political life that are still not complete.

The scramble between the five parties that have taken a position to the left of the Independence party has been along the following lines. The Progressive Party enjoyed the most support of these parties in the spring 1983 Althing elections. As a result of the outcome of these elections the People's Alliance became the strongest opposition party. During the present year the Social Democratic Party has overtaken both of these parties in popularity in public opinion polls. The Progressive party has landed in third place among those parties which have long sought their power in the delusion of uniting under the leadership of the Progressive Party to defeat the Independence Party. The dream of these parties is now nothing more than perhaps to maintain their organs at the expense of the state. The Social Democratic Party is having a hard time overtaking the Independence Party. There is no indication whatever that the government coalition of the Independence and Progressive Parties will break down soon; there need be no Althing elections before 1987.

There has been a change in the Social Democratic Alliance this year both in terms of leadership and in terms of organization. The primary policy of the party is still an end to government by the Althing in Iceland. Though setting this goal as a precondition the Social Democratic Alliance excludes itself from compromise in cooperation with other parties. The Women's List is in many respects far to the left of the other political parties. The idea has been advanced of a leftist government with the participation of the Women's List and the People's Alliance and one other party. Those forming the left arm of the Progressive Party think that such a possibility is promising. The idea should come to the attention of the voters during the next Althing elections.

In the market place of ideas those calling themselves liberals have a much easier time of it. If the problem is one of more or less state intervention, the noticeable tendency of politicians is increasingly to choose freedom rather than state control. As an example of this we might mention two tasks which politicians should be very much involved with during the first weeks of 1986. One involves the need for quicker decisions on the organization of banks but the foreign exchange issue will also be on the agenda. The hour could be near when most will suspect that a majority of the Althing desires to free the banking system and allow the free setting of foreign exchange rates. The fact is that those who would keep things unchanged would seem to have a more difficult time of it in this matter than those demanding change in the direction of economic liberalism.

One of the clearest examples from recent years of the tendency towards liberalism is the decision of a majority of Independence Party members in Reykjavik under the leadership of Mayor David Odsson, to allow supply and demand to determine with regard to the capelin catch. This approach to the matter has enjoyed public trust. During coming months the issue will be who should lead local governments for the next four years. The decision in this area could have more real political influence than much of what is being talked about at present.

MORGUNBLADID wishes its readers and all Icelanders a happy new year, with the hope that the people will be successful in uniting on those issues which will mean prosperity over the long term, and will be able to distinguish the wheat from the chaff in the huff and puff that we hear from time to time.

9857

CSO: 3626/15

POLITICAL

ITALY

PCI'S NATTA ON WOMEN, 'PROGRAM GOVERNMENT,' LINKS WITH U.S.

Rome L'UNITA in Italian 24 Feb 86 pp 1-2

/Unsigned article/

/Text/ "Still refusing with arrogant stubbornness to take note of a state of crisis and going on with the devices that have been previously resorted to in order to gain time, and worse, to get around or mullify the declarations of the chambers betray a serious lack of any sense of responsibility and of democratic correctness." As he concluded yesterday morning in Rome the proceedings of the National Convention of Communist Women on labor subjects, Alessandro Natta severely censured the behavior of a government majority, already dissolved, that persisted in its unwillingness to bear all the consequences of it.

In his speech the secretary of the PCI concentrated on women's problems, indicating in the effort one of the objectives whereby "the entire European left's capacity for renovation is to be measured." Then he took up subjects in connection with the developments in the domestic and foreign political situations. And finally he spoke of the party and the necessity of a "reform" of it "that can no longer be put off."

The Women's Battle

Natta began by saying that if he paid attention to the discussion that developed at the convention it was not "out of a duty to listen or any customary respect. I was interested and involved by the sincerity and the elements of novelty in the analysis and the development of it. It is necessary to do what is possible, and I shall do it so that the ideas and plans of this convention will become an essential part of the congressional discussion and reality and of the PCI's initiative." He then pointed out how the labor question has now become a "major question" in the women's lives. And then he fully imparted what came out on this point at the convention. "Unemployment can be combatted through radical reforms in the economic mechanism to bring about a new growth rate, but also by setting new goals for labor and by determining individual and social needs that are not widely met today." And further, "To be sure meeting the strong demand of female labor means removing the causes of inequality, but it also means determining new relationships between commercial and household work." In short, it is also necessary to think of new ways of socializing household work,

because women "do not want their work to become the sole experience of their existence or to mean giving up their affections, sons, social obligations or awareness."

The "neoconservative trend" that has come to the fore in the United States and certain European countries in these years "has not only aggravated the state of those countries' economies and their social inequalities but has also meant severe criticism of the plans, hopes and dreams if you will that so many of the women had fostered." In Italy, "Our power has been making it impossible to form an openly conservative government. It is true that the proportional electoral system also has its drawbacks, particularly the great burden it places upon small parties that can make some unbiased use of the quota of representation obtained." But we must not forget that today "France is going back to the proportional system and the Left is appealing to it in England, nor are we forgetting that in Italy it was proportional representation that enabled us to block a dangerous lapse. "The Italian Pentapartito then has not been the same thing as the openly conservative governments. On the women's question too the struggles of the opposition and the internal concerns of the majority have sent some signals that are also interesting. The Chamber has also accepted, at least in a general way, the communist proposals for women's employment, nor does De Michelis' labor plan ignore the subject." Nevertheless, "No new rules or instruments have been instituted for the labor market." "The value of women's right to work has been questioned, as well as the principle of maternity as a social responsibility and the value of sociality and solidarity as a primary obligation of the state." In the financial law itself "There was even a specific attack on women." "The government is seriously ineffectual in applying the law on abortion and in promoting preventive activity." In this connection, Natta also said that "The entire party's inertia and laxity cannot be overlooked or excused."

Among other subjects in connection with the initiative, he referred to "the cultural and legislative battle against sexual violence" and the "dialogue with the complex and variegated world of feminine believers."

The Political Situation

"None of the ills of our economy has been remedied, nor can any of the great open questions be said to be resolved or on their way to a solution. It is clear that a certain greater stability does not even compare with the pure and simple ability to govern, and it is also clear that the famous Decree of San Valentino has been this majority's only real moment of solidarity and initiative. We do not regret having fought then, nor do we regret having suggested, before the trade union division, the only democratic way, that of restoring the judgment of the people." "This whole struggle has produced a great and important result. It has certainly made the employers and the government more prudent, and it has caused the less backward forces of the coalition especially to reflect. But above all it has caused the socialist comrades, who have been able to test once again the role that is assigned them in this kind of coalition, to reflect to some extent. The role that is allowed them is at best that of functioning as a leftist faction in a moderate formation and certainly not that of impelling any reforming or reformist drive." This resulted in a progressive "aggravation of the contradictions and conflicts in all fields of government activity and exacerbation of the polemics and of the constant guerilla warfare between the main

leaders of the coalition and the process of dissolution of the majority. The latest instances of an open break among the five in the Senate, lack of a majority in the Chamber and the ministry's defeat in very important matters loudly attest the fact that the fiduciary relationship between the government and the majority has been broken irreparably and beyond the limit of endurance." "We did not fail to request the attention of the president of the Republic, as we should have, and we are renewing that appeal today. We did not fail to warn the prime minister that it was primarily up to him to react to this humiliating deterioration of the ministry's affairs and of its very dignity and that it was primarily his duty to make the necessary explanation in the proper forms." "The contest and the struggle among the government parties have already entailed quite heavy costs." "Let us give up the proposals of an nth check-up in order to give a few months' time to a debilitated government. Let us do away with the leopardlike fabrications about the reshufflings and managed crises."

The Communist Proposal

"Our proposal, which as we see is no longer ours alone by this time, is to dispense with the traditional method, which is the direct outcome of anticommunist discrimination. And the reasoning is simple: Because it is necessary to form an array against the communists and in any case without the communists, one is put together and then it appears. Of course they swear each time that there is the fullest agreement on the program, but it soon comes out that if the more bitter conflict is not about revenues it is about the RAI [Italian Radio Broadcasting and Television Company], if it is not about pensions it is about health, if not P2, it is about the Mafia or terrorism, and if it is not about schools it is about the foreign policy."

"We have not proposed a program government because we are determined to find some formula for going to the government in any way and at any price."

"When we speak of a program we mean important, fundamental choices, such as a foreign policy resolutely dedicated to detente, an economic policy of full employment, a verification of democracy from the standpoint of the right to information, and a firm pledge to safeguard the nation's essential property, sovereignty and independence and the security of the democratic regime, the freedoms and civil coexistence against the attacks of the Mafia and the underground forces. Otherwise, no. Let it be clear. If there is no wish for a reform, we are continuing and shall continue our struggle from the opposition. And from the opposition we shall continue to prove that we have a governmental culture 100 times greater than the government here has ever had and that we have the interests and needs of our people and our nation at heart and know how to act on their behalf with responsibility and determination."

The Struggle for Peace

"Here is the policy of our Theses on the essential point of the struggle for peace, detente and disarmament. It is not enough to indict the star wars initiative or the function of the Reagan administration in Latin America and the entire world. All of that is essential and the Theses do it. But it is just as essential to know how to unite (as we always have at other points in our history) with the democratic and peace-loving forces in the whole world, including those within the United States. That is the only way that we have progressed and won out in the past."

It is a versatile communist woman who came out of the convention on labor subjects that concluded in Rome yesterday with the reports of the labor groups, a woman who has broken with the traditional "emancipationist" culture, deeply influenced by the discussion that has inspired the women's movement in the last 10 years, and who demands more consistency of her party which, essentially, she accuses of saying much and not doing enough or, at least, not enough as yet. Moreover a similar criticism was leveled at UNITA by Lalla Trupia, the national executive of communist women herself, because it has not given enough prominence to the contemporary initiative. An order of the day was approved for this purpose. It is a document taking up very complicated, important and delicate questions, and we are going to publish it in tomorrow's paper along with UNITA's reply.

The "new" woman coming out of the convention is one who imagines a society capable of radically changing its set of values and wishes to make a political proposal of it, a set of values no longer focused on work in the sense of an aspect of production but on the needs of the individual considered in his entirety, in all his aspirations and social and individual relationships. Hence the defense of the social state, the proposal of a general reconsideration of the subject of working time, and the determination based on a victimist view of technological innovation.

But while they do not live on bread alone, the communist women are not giving up their firm denunciation of all instances of black labor, exploitation and discrimination that are reappearing rather oppressively in all parts of the country. A particular appeal, in yesterday's concluding reports, was addressed to the trade union on the ground that it is becoming an unfaithful and unconvinced interpreter and spokesman of the women's accomplishments and their needs and aspirations.

5186

CSO: 3528/97

POLITICAL

NETHERLANDS

NIJPELS SEEKS VICE PREMIERSHIP IN NEXT CABINET

Comments by Nijpels

Rotterdam NRC HANDELSBLAD in Dutch 18 Mar 86 pp 1, 3

[Unattributed article: "Nijpels Wants to Be Minister and Vice Premier"]

[Text] The Hague--18 Mar. In hindsight, faction chairman Nijpels is sorry that he remained in the Second Chamber in the fall of 1982 and that he didn't become minister and vice premier in the Lubbers cabinet in his capacity as political leader of the VVD. That mistake will need to be corrected in the second Lubbers cabinet, then his relationship with the premier will also become "easier," he thinks.

As far as Nijpels is concerned, such a cabinet would of course have to be established once again, in part, on the basis of a firm coalition agreement following the May elections for the Chamber. If D'66 wants to, it will be permitted to "crowd in" together with the CDA and the VVD, but the democrats won't be able to count on a change in policy in exchange.

Nijpels, who said this yesterday during a lunch with the society of editors-in-chief, has "realized more and more as the leader of the smallest ruling party that it was really not a good choice in '82 for me not to have occupied a post in the cabinet." The VVD, in contrast to the CDA, is in fact able to make only a few "tete-a-tetes" with the opposition in the Chamber. Direct intervention in the cabinet is equally unlikely as long as the special weekly discussion session with the premier, CDA faction chairman De Vries, and the VVD's ministers sometimes creates three divergent political power blocs and combinations. In such a situation, it is constantly a matter of "breaking your back and making corrections after the fact," according to Nijpels.

The VVD's faction chairman again wants a firm coalition agreement like the current one for the next term of office. In the absence of provisions contained in such an agreement, he fears that the CDA will always be able to turn to the opposition in the Chamber, at the expense of the VVD.

A firm coalition agreement, at one time launched by today's opposition (Turning Point '72), is not a "dictate." It offers clarity to the cabinet, the parliament, and the society, Nijpels said, denying that it would endanger the parliament's control function. The opposition, the trade union movement, and CDA dissidents may object, but for the VVD a firm coalition agreement is also an immediate "vital interest."

He is unafraid of damaging the dualistic relationship between the administration and the Chamber (majority): "this dualism hardly continues to exist."

The VVD's current unfavorable situation in the opinion polls (about 26 of the 36 current seats) Nijpels compares to the loss of 11 seats (out of 28) that his predecessor Wiegel experienced in the polls in '81 two months before the elections (it ended up with 26 in the May '81 elections). Thanks to CDA premier Van Agt, during that period the VVD got "more from the feeding tray" than at present in the Lubbers cabinet, even though this cabinet is conducting "VVD policy for the most part," according to Nijpels. He considers both the CDA and the PVDA to have shifted "to the right" and in the direction of the VVD. PVDA chairman Van den Berg has now also made crime prevention a campaign issue. In the case of the CDA, he named as examples such questions as dissolving the link between wages and benefits, nuclear power, nuclear weapons, and income equalization. The walkout by CDA dissidents, the fact that the CDA and the VVD are competitors in the regional voter contests, and the strong premiership of CDA standard bearer Lubbers were mentioned by Nijpels as other explanatory factors.

The VVD faction chairman warned that the stability of a potential second Lubbers cabinet would not be served by "all too great a change in the balance of power between the CDA and the VVD." It is also true of the VVD that "there has to be something to govern with," he said. At present, the VVD has opted for "optimalizing" the coalition with the CDA, not for "maximalizing our own position," Nijpels said.

Editorial on Role

Rotterdam NRC HANDELSBLAD in Dutch 18 Mar 86 p 9

[Unattributed article: "A Vote and a Half"]

[Text] Actually, the VVD's faction chairman in the Second Chamber, E. Nijpels, should have joined the cabinet as vice premier during the formation of the cabinet in the autumn of '82, as he himself now realizes upon closer reflection. It would have facilitated his functioning as the political leader of his party, he believes. As faction chairman and ("strategically a monist"), his direct influence upon cabinet policy during the past few years has appeared to him to be not so much as too slight, but rather as too difficult.

The continual special discussion sessions with the premier, with the colleague and faction leader from the CDA, and with the liberal ministers were partly responsible. In the next cabinet, assuming at least that it will be a second Lubbers cabinet, this will have to change and then the VVD's top man will have to be vice premier. The leaders of the coalition parties will then be functioning on the same level. And as far as Nijpels is concerned, this will be most welcomed after they have again solidified the coalition by means of a firm coalition agreement from the allied factions in the Chamber.

That is certainly one conclusion, now as the end of the game for the current cabinet draws near. In fact, it signifies that Nijpels is dissatisfied, though perhaps not entirely dissatisfied, about the way his political leadership has worked since '82. Furthermore, it means that the explanation for this can certainly be found in part in his relationship with the VVD's ministers.

For Nijpels, apparently, the matter really involves more than just a technical problem of communication with his ministers. This, in turn, means that not every VVD politician has always been sufficiently literal in accepting Nijpels' assertion of autumn '82 that he, and no one else, is the political leader of the VVD. The question is whether this can be changed somewhat in principle by moving from faction chairman to vice premier.

Whoever takes the VVD's faction chairman at his word must come to the conclusion that, during the coming years as well, he views the preservation of a certain dualism between the administration and parliament primarily as a nice assignment for the opposition. Given a firm coalition agreement and given the presence in the cabinet of the political leaders of the coalition parties, this would promise little in the way of a fruitful dualism. Even more so than in the past, "business" would supposedly be taken care of within the confines of the cabinet. The ruling factions in the Second Chamber, who had already put themselves on a short leash because of their coalition agreement, would in fact find their political elbowroom even more restricted than before.

One ought not be blind to a development that has already been tending in this direction for some time now, and that to a certain extent is actually an expression of the growing two-bloc relationship (CDA/VVD on the one side, PVDA on the other) in Dutch politics. It is quite obvious that greater political clarity for the voter does not truly serve to benefit dualism in the Binnenhof under the electoral system currently in force.

Yet another conclusion may be drawn from Nijpels' desire to immediately enliven the VVD's leadership as vice premier. Using his own words, it is, namely, this: "optimization" of the coalition with the CDA will take precedence, as it were, over the greatest possible independent "maximalization" (in the Second Chamber) of the VVD's electoral interests,

and will be accomplished by means of the cabinet's makeup. This is likewise not without interest for the future relationship between the CDA and the VVD, competitors as they are among comparable groups of voters.

The new municipal councils will be elected tomorrow. Of course, it doesn't have to be that way, but these elections are naturally already strongly under the influence, in part, of the Chamber elections set for the coming 21 May. For this reason, they will also give an initial glimpse of what could happen with regional politics immediately after 21 May. That is to say: whether the voter wishes it tomorrow or not, they will usher in the finale for the elections to the Chamber while at the same time indicating the regional position of the parties. In that sense, the voter, and this is a comfort, will tomorrow have something similar to a vote and a half.

12412/12858

CSO: 3614/76

POLITICAL

NETHERLANDS

SURINAMESE EXILE GROUP CHANGES LEADER, STRATEGY

Amsterdam DE VOLKSKRANT in Dutch 17 Mar 86 p 3

[Text] Rotterdam--The Council for the Liberation of Suriname will consider violent campaigns against the military government in Suriname, in addition to peaceful activities. The new council chairman, Glenn Tjong Akiët, clearly differs in this position from his predecessor, Henk Chin A Sen, who has always advocated non-violence.

"Within the opposition, you have doves and hawks. Which option do I choose? I am thinking about a two-track strategy, in the hope that it is acceptable to both parties," said Tjong Akiët in his first speech as chairman. With these words he closed the second congress of the liberation council, which was held Saturday in Rotterdam.

Tjong Akiët noted that the peaceful campaigns of the liberation council against the Bouterse government had produced no results. For some time, he hesitated in choosing between violence and non-violence. "If we talk about violence, then we are talking about killing. If we talk about non-violence, are we then talking about no killing? Perhaps there are even more deaths in non-violent opposition. Look at Gandhi's struggle. How many people in India lost their lives in Gandhi's non-violent struggle?"

Tjong Akiët referred to church leaders in South Africa, who say that they support armed struggle by blacks. He then declared emotionally: "And I'm not even a preacher, and I don't want to remain a Gandhi." The new chairman feels that the council with its supporters, "as part of the people of Suriname," has the right to enter into armed resistance to the regime, and he emphasized twice that he is prepared to put his own life on the line.

Tjong Akiët was the number two man in the Surinamese Moederbond labor federation, after Cyrill Daal, who was murdered on 8 December 1982 by the military authorities in Suriname. In 1984, Tjong Akiët, together with a number of Surinamers and American mercenaries, prepared an invasion of Suriname from neighboring French Guiana. The conspiracy was uncovered by French Guianese authorities and the group was expelled.

In addition, Tjong Akiët emphasized that the liberation council will abide by Dutch constitutional law and thus will not undertake any violent campaigns

from the Netherlands. However, this does not prevent the council from thinking about violence in the Netherlands and organizing armed resistance from abroad, according to the chairman.

A survey of members of the rejuvenated liberation council in the halls of the congress revealed a profusion of possibilities for armed campaigns from Suriname's neighbors and in Suriname. But as far as it can be determined, there is not one single concrete plan.

The greater part of the Council for the Liberation of Suriname was renewed during the second congress. Chairman Chin A Sen resigned from the council "for personal reasons." The internist had lead the council since its founding in January 1983. He said that he was considering setting up a practice as a house doctor. Chin A Sen emphasized that he will remain active in the opposition. He was named honorary chairman and advisor to the council. Other resignations came from Benny Kohinor and Paul Somohardjo, labor union leader and party leader in exile, respectively. Appointed to replace them were Wilfred Lionarons (an exiled publisher) and John Mahamadmoesman, who was not announced until the end of the congress.

Paul Somohardjo, who at certain times is the talk of the town, announced that he will reestablish his political party. The new party will be the old Javanese Pendawa Lima, which had four seats in the Surinamese parliament before it was banned by Bouterse in 1980. The new party will also be called Pendawa Lima, but the letters SDR will be added to this. They stand for fighters for democracy and justice.

The new party will attempt to play an "integrating role," meaning that it will also be open to Creoles, Chinese and Hindis. And if the party is ever allowed to operate freely in Suriname, it will devote itself to an electoral system of proportional representation, replacing the old mixed form of proportional representation and a district system which has intensified racial divisions in Surinamese politics.

In short interviews amidst the activities of the congress, it appears that many participants waver between two opinions concerning what the first liberation council has achieved in 3 years. Most believe that the isolation of the Bouterse government and the sustained suspension of Dutch development assistance can be attributed to the activities of the council. At the same time, many believe that "nothing" or "too little" has been accomplished.

Transmitter

The announcement that Radio Free Suriname had made its first broadcast to Suriname via shortwave during the congress came across as being too late to be of any use. The council has been trying to get this sort of opposition transmitter on the air since the beginning of 1983. Johnny Kamperveen presented the broadcast, in which he told the possible listeners in Suriname: "They burned down ABC, they burned down Radika, but that will not happen to this transmitter." Kamperveen worked at radio station ABC in Paramaribo, which was burned down on 8 December 1982, several hours before the murder of 15 opponents of the military government.

According to an announcement by the ANP in Willemstad, Curacao, the transmitter could be heard loud and clear, even more clearly than the daily evening broadcasts for the Caribbean area by Radio Netherlands World Broadcast. The broadcast lasted approximately 25 minutes. Leaders of the opposition in the Netherlands called for support in Suriname.

The transmitter is the property of a Cuban exile organization (Cuba Independiente y Democratica) in the United States. Representative Hubert Matos, who was present at the congress, refused to say where the transmitter is located. Other congress attendees with that knowledge were silent as well. They would only say that daily broadcasts lasting approximately 20 minutes will be carried out.

12271

CSO: 3614/78

POLITICAL

PORTUGAL

JOINT COMMUNIQUE ISSUED ON N. KOREAN PARTY DELEGATION VISIT

PM081306 Lisbon AVANTI in Portuguese 27 Mar 86 p 5

[PCP-Workers Party of Korea 25 March joint communique: "Strengthening of Ties of Friendship and Solidarity"]

[Text] At the PCP Central Committee's invitation, a Workers Party of Korea [WPK] official delegation led by Central Committee Secretary Hwang Chang-yop and comprising (Rim Sun-pil), international department section chief, (Kim Guang-u), international department deputy section chief, and (Paek Sung-hyon), an official of the same department, visited Portugal 20-25 March.

The WPK delegation held talks with a PCP delegation led by Secretary General Comrade Alvaro Cunhal and also comprising Comrades Sergio Vilarigues, member of the political commission and of the Central Committee secretariat, and Domingos Lopes, a Central Committee candidate member.

The WPK delegation was received at the "Vitoria" party offices by a delegation of the Lisbon Regional Organization Leadership. The WPK delegation visited the Setubal district, where it had talks with various PCP organizations. It was received at Palmela city hall by the mayor. It visited the Wicander's cork enterprise and the "Incredible Almadense" recreational and cultural society.

The delegation also visited the Santarem district. It had a meeting with a delegation of the Santarem Regional Organization Leadership led by Raimundo Cabral, member of the PCP Central Committee Political Commission. It was also received by the mayor of Corunche and visited the "Volta do Vale" collective production unit-cooperative.

A solidarity rally, at which Alvaro Cunhal and Hwang Chang-yop spoke, took place in Almada. In the speech delivered by WPK Central Committee Secretary Hwang Chang-yop, the WPK's solidarity with the PCP's struggle in defense of the April [1974] gains and of the democratic system was expressed. In the speech by PCP Secretary General Alvaro Cunhal, the PCP's solidarity with the WPK's activity in building socialism in the DPRK and with its struggle for Korea's peaceful reunification was expressed. On behalf of the Portuguese Communists, Alvaro Cunhal advocated holding the Olympic Games in North and South Korea.

The WPK delegation's visit to Portugal contributed to the strengthening of the ties of friendship and solidarity existing between the WPK and the CPC on the basis of the principles of Marxism-Leninism and proletarian internationalism.

Lisbon, 25 March 1986

/9738

CSO: 3542/88

POLITICAL

PORTUGAL

BRIEFS

PCP DELEGATION IN PRC--A PCP delegation visited the People's Republic of China from 11-20 March and held talks with a Chinese CPC delegation. The PCP delegation comprised Central Committee members Albano Nunes and Rogerio Carvalho. They also met the director of the main Chinese newspaper, THE PEOPLE'S DAILY. [Text] [Lisbon Domestic Service in Portuguese 2000 GMT 24 Mar 86 LD] /9738

'PACIFIST' ANTI-U.S. DOCUMENT--In a rather unusual--not to say contradictory or Machiavellian--manner, a sector of the government press announced this bizarre fact: "Pacifists support Libya." We looked, and found out that the title pertains to two "documents" expressing their opposition to the U.S. reaction against al-Qadhdhafi's blackmail. One of the documents is written by the "pacifists" of the CCPC [expansion unknown], the well-known organization serving Moscow's interests in the West, while the other is signed by those ineffable "pacifists," Rosa Coutinho, Fabiao and Mario Tome. A curious fact should be noted: both "pacifist" lists were also signed by the notorious Valy Mamede, whose moral sensitivity and love for peace never left him time to concern himself with the age-old oppression of the Berber people as practiced by the conqueror installed in North Africa. [Text] [Lisbon O DIABO in Portuguese 1 Apr 86 p 13] /9738

CSO: 3542/87

MILITARY

AUSTRIA

SENIOR AIR OFFICER CONDEMNS DRAGEN'S SAFETY, PERFORMANCE

Vienna PROFIL in German 3 Mar 86 pp 23, 27

[Interview with Lt. Col Georg Schmidt conducted by PROFIL staffer Otmar Lahodinsky, date and place not given; "Anyone in favor of the Draken is against the Bundesheer"]

[Text] Georg Schmidt, born in 1949, is a mechanical and industrial engineer and has been Chief of the Aircraft Section of the Defense Engineering Agency since 1980. He has been a military pilot since 1971 with a total of about 3,000 flying hours.

[Question] In your capacity as chief of the Aircraft Section of the Defense Engineering Agency, you would be expected to create the technical specifications for flight operations of the Swedish Draken fighter aircraft. Yet even before the first Draken will land in Austria you will resign from the Bundesheer [Federal Armed Forces]. Why is that?

[Answer] I want to make it as clear as possible that I consider the procurement of these obsolete aircraft an enormous disservice to military aviation, to the Bundesheer and therefore to all of Austria. As long ago as the end of 1984 I announced that I would resign from the service if the Draken were indeed to be purchased.

[Question] You have postponed your resignation by over one year. Does that mean you, as an aviation expert, have found out only now in what poor shape the Swedish bombers really are?

[Answer] People used to tell me that I was much of a pessimist. Even though I had been excluded from decisionmaking bodies because of my critical attitude, I became increasingly aware of the fact that we were heading for a catastrophe.

[Question] Could you explain that?

[Answer] There can be no discussion about the aircraft itself, since it lies outside any sensible frame of reference. If a truck manufacturer were to compete against a 1963 model truck, if he were to buy it for an incredibly large sum of money and in addition had to count on exorbitant operating costs, there would be no sense whatever in even discussing the matter.

[Question] What you are saying is that the Swedish Draken is an obsolete fighter plane--a flying oldtimer.

[Answer] I admire the Swedes for their accomplishments in national defense, especially in the air. They have developed good concepts, but they are at a disadvantage in that for reasons of neutrality policy they have been unable to sell their aircraft in the world market. Because of their limited production, these aircraft failed to undergo full technical development and are incredibly expensive to operate.

[Question] But Defense Minister Frishchenschlager has always maintained that Drakens had been procured at a very reasonable price and that they are fully capable of fulfilling their mission as an aerial police force.

[Answer] Anyone who spends other people's money as if it were his own surely disagrees with this. As far as I am concerned, this is a great political lie. It is common knowledge that the Draken was a very poor solution. The only value of this product was said to provide breathing space until political conditions would permit the procurement of appropriate aircraft. It took particularly poor leadership and insecurity at the top to make this procurement happen. In a highly delicate matter of this type, where so many lobbies are involved, you must listen to more than a single expert who is under enormous pressure. Besides, we have had plenty of experience with Swedish airplanes. Our last combat aircraft was the Saab J 29, which was 7 to 9 years old when we first bought it. Of 30 of those "flying barrels" we lost eleven in crashes within a period of 10 years, despite minimum flying hour performance.

[Question] The 25-year old Drakens, which cost 6.3 billion schillings, will spend more time on the ground than in the air, then?

[Answer] A highly developed air force which is continuously equipped with usable material, would certainly be able to operate such aircraft. But it would not do it, because the flight performance of such aircraft is no longer up to date and costs are prohibitive. Because of their age, aircraft such as these are highly maintenance-intensive and have very poor cost effectiveness. Our ministerial organization in military aviation is so complex that it has only one "advantage:" no one has responsibility for anything any more. Thus an aircraft which might be grounded for several months because of a missing spare part would create unhappiness at squadron level at best.

[Question] Official estimates for Draken operating costs until 1995 are 2.1 billion schillings. Is there a chance that this horror sum would even be exceeded?

[Answer] Despite urgent demands by the military aviation engineers, we have not installed a cost control system. On the other hand no one knows whether or not the planned number of flying hours -- 2,400 annually -- can be achieved. Today many people realize that the 24 Drakens will fly very little.

[Question] Because of their technical deficiencies?

[Answer] Mostly because of the budgetary situation and growing public resistance.

[Question] Frischenschlager's report to the Federal Chancellor last year showed the Draken as having the "highest accident rate" and the "lowest structural service life." Are you afraid that our Drakens are prone to early crashing?

[Answer] Anyone should understand that the risk of accidents in such old aircraft is incomparably higher than for modern ones. Inasmuch as until now a large number of flying accidents have been imputed to pilot error, dramatic improvements have been made in the pilot's work area in new aircraft. In old aircraft it frequently happens that important switches, levers and warning lights are arranged so poorly that they practically invite occasional errors by the pilot.

[Question] In an interview with PROFIL, Defense Minister Frischenschlager stated that Bundesheer pilots should train for supersonic flight in old aircraft. If they were to use third and fourth generation jets for this, he said, they would "drop out of the sky like bumblebees."

[Answer] I am a propeller pilot myself and would merely state that most of our military pilots are well qualified to fly a modern combat aircraft safely.

[Question] The Draken is said to consume 6,000 liters of jet fuel per hour. An Austrian Airlines DC-9 uses about the same amount, except that it transports not just one pilot, but 130 passengers and their baggage.

[Question] The DC 9-81 uses even less. The Draken engine has a specific fuel consumption of 1.8 kg per kilo of thrust per hour. A modern engine has a fuel consumption of only 0.5 kg/kp/h.

[Question] One liter of kerosene presently costs about 10 schillings; thus one flying hour for the Draken costs almost 60,000 schillings. This is for fuel alone. Also, Bundesheer pilots who flew the Draken in Sweden are said to have been frustrated by the fact that the Swedish bomber fails to reach Mach 2, as claimed by the factory.

[Answer] I estimate that the Draken-D reaches at most Mach 1.4 under normal conditions.

[Question] Another criticism by these pilots was the fact that on landing the pilot has not forward visibility. Besides, they say that the Draken requires a 20 km final approach flight corridor below 500 meters altitude.

[Answer] For aerodynamic reasons, any delta-wing aircraft must land at a high angle of attack. That is what impairs visibility. I have heard about the 20 km final approach too, but cannot confirm this.

[Question] Draken advocates swear that the Danes and Finns have bought this aircraft also.

[Answer] There are aircraft manufacturers who have made sales in 30 countries all over the world. After the Danes, the Finns bought 12 Drakens in 1974; 11 of them were shipped as component parts and assembled in Finland. Later on the Finns procured a few more used Drakens, though from a more recent series than the D model intended for us, which was produced between 1963 and 1965.

[Question] Two Bundesheer pilots who are undergoing Draken flying training in Sweden were grounded for psychiatric reasons last month. The official diagnosis: psychological stress and lack of motivation. There is however some suspicion that this would serve to intimidate pilots who severely criticize the Draken.

[Answer] That is a very sad story. I am personally acquainted with Lieutenant Colonel Hass, who is taking the squadron commander course in Sweden, and consider him an excellent pilot, teacher and commander. His proficiency is credited for the fact that there has not been a single fatal accident in the surveillance squadron. He made himself persona non grata by his sometimes rough and direct manner in enforcing flying safety.

[Question] When the decision was made a year ago to buy the Draken, almost all Bundesheer pilots kept quiet. Could it be that they were glad to get any kind of airplanes at all, even obsolete ones?

[Answer] It is a question of military discipline to accept decisions from above. In addition, every pilot loves to fly, and the blackmail of "Draken or nothing" was apparently working.

[Question] Wasn't it primarily a political decision?

[Answer] Many people, inside and outside the Bundesheer, believe that it was. In my opinion, a lot of improper influence was exerted in this matter. Party politicians used pressure, but nobody accepts any kind of responsibility for the consequences of this decision. The reason: in contrast to the way things are done in the private sector, no one accepted any personal risk for this purchase.

[Question] Thus the decision in favor of the Draken was a foregone conclusion. In that case, the Draken's close competition with the "Lightning" and other aircraft until the very end was nothing but pretense?

[Answer] There are many indications to that effect. The specifications were clearly directed to exclude modern, up to date aircraft. There was no technical evaluation whatever of the manufacturers before the request for bids, nor prior to the session of the council of ministers during which the procurement was decided upon.

[Question] In the National Defense Council, all three parties agreed on the Draken purchase. Even OeVP [Austrian People's Party] defense spokesman Ermacora, who had been in favor of U.S. aircraft, offered no objections.

[Answer] Yes, that was a sad day for me and certainly for many other of my pilot friends. Last week I told Professor Ermacora that I expected to run into him at every Draken-caused funeral.

[Question] Aren't you afraid to be denounced as being anti-Bundesheer one of these days? It has been said after all that anyone who is against the Draken is also against the Bundesheer.

[Answer] No, I do not worry about that. The more the public learns about the details and the effects of this disastrous purchase, the more explicit will be the message: anyone who is in favor of the Draken deal is an enemy of the Bundesheer.

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MILITARY

FEDERAL REPUBLIC OF GERMANY

PROBLEMS PLAGUE JOINT U.S.-FRG NAVAL ANTI-MISSILE ROCKET

Hamburg DER SPIEGEL in German 17 Mar 86 pp 137-141

[Article: "A German-American Anti-Missile Missile is Turning Into an Expensive Flop"]

[Text] Last week, Minister of Defense Manfred Woerner told his staff what he had decided to do: at the next session of the NATO Nuclear Planning Group on Thursday and Friday in Wuerzburg, he would not say one word concerning German participation in SDI, which has been a bone of contention for several months.

As he has done so many times in the past, Woerner once again failed to consider Caspar Weinberger. The latter wants to talk turkey with the Germans once again, and the members of the German delegation which is currently negotiating in Washington about an SDI agreement, know exactly what that is like. In the words of Head of Delegation Lorenz Schomerus of the Ministry for Economics, reporting last week to his defense department colleagues, the negotiations with the U.S. partners were generally "hard and occasionally brusque in tone".

The Washington hardliners continue to insist on German political support for the "star wars" program and on official defense ministry participation in distributing contracts to German industry.

Despite the most recent entreaty from Chancellor Helmut Kohl to U.S. President Ronald Reagan, the return favor would be on the small side: it does not contain anything other than some general phrases about technology transfer--no insight into the overall program, no detailed agreements about civilian fallout rights; and in general, all details are to remain highly classified.

The way things work when the United States seeks to entice its German friends into cooperative ventures with big promises, vague assurances and strict secrecy rules has once again become painfully clear to the people in Bonn during the past week. Any concessions made in the negotiations have bitter consequences later on in actual practice.

Almost one year ago, in April 1985, Weinberger and Woerner had agreed in Washington to joint development of a missile which would destroy missiles

and cruise missiles aimed at ships--Project RAM (Rolling Airframe Missile). DIE WELT hailed the agreement as "a breakthrough to two-way traffic in arms production."

The breakthrough is a long way off. Naval officers are talking about a drama which does not augur well for SDI. At the end of February Manfred Timmermann was forced to admit before the Defense Committee that, while costs are increasing, the "two-way street" is clogged. He refused to reply to questions from members of parliament; he states that he could deal with this "delicate matter" only in writing.

The German Navy has been looking for a means of defending its frigates, destroyers and speedboats against anti-ship missiles since the 1970s. In 1982, the Falklands War injected a note of urgency into this search: the Argentines inflicted heavy damages on the British fleet with the French Exocet missiles.

General Dynamics, one of the biggest U.S. defense manufacturers, proposed a solution. Using the engine of the "Sidewinder" missile and the search head of the "Stinger," they would cheaply and quickly develop an anti-missile missile which would automatically search for and destroy its target. The German share of development costs would be DM 100 million.

By now, Bonn has spent DM 370 million for development costs; the naval staff estimates that another DM 200 million will be required. At the same time the German firms MBB, AEG-Telefunken and Diehl, which had expected a billion-mark contract and which had founded the RAM GmbH in anticipation, came away practically emptyhanded. General Dynamics gave them development contracts worth less than DM 50 million.

Tests in the United States were fairly unsuccessful; there were 18 failures out of 37 launches. In addition, the Americans refuse to turn over to the Germans the know-how necessary for production in the FRG. A representative of a German firm reported to his bosses that the Americans are raising greater obstacles from one week to the next for a technology transfer.

"It is obvious already," says SPD Deputy Horst Jungmann in the Defense Committee, that the first RAM weapon system could not come off the line until 1992: "Until then our ships are practically defenseless against enemy missiles."

Admiral of the Fleet Gerhard Bing, in charge of armament at Navy Headquarters, did not contradict him. The 1986 Bundeswehr Plan, issued just a few months ago, still provided for delivery of the first 300 out of 1770 missiles by 1988. Procurement costs, officially still shown as DM 1.7 billion, have in the meantime climbed to more than DM 2 billion.

Only the minister of defense still looks at the bright side: to him, RAM is a good example of cooperative arms production. He needs RAM so as to get an even more expensive and complex program out of NATO: a European

defense system against short and medium-range missiles as a local supplement to SDI.

By contrast, Woerner's military people are quite sober:

"Only crystal clear agreements," says a high-ranking officer on the staff of Chief of Naval Operations Dieter Wellershoff, "are of any use to us. Otherwise the Americans will continue to play us along, as in the past."

The journal WEHRTECHNIK, which has close connections to the defense industry, waxes ironic over the missile disaster. "RAM," says its editorial in the March issue, "is constant and therefore calculable. What was true years ago is still true today: RAM will make its appearance in 3 years."

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MILITARY

SWEDEN

NAVY DEVELOPS AMPHIBIOUS BATTALIONS FOR ARCHIPELAGO DEFENSE

Stockholm UNDER SVENSK FLAGG in Swedish No 2, Feb 86 pp 5-7

[Article by Lt Col Bjorn Sandstrom: "Amphibious Battalions for Fire Power and Mobility in Archipelago Defense"]

[Text] The Swedish Navy is now making efforts to improve the fire power, mobility and endurance of its archipelago defense. A part of this improvement is the introduction of the effective new amphibious battalions.

The decision to introduce the amphibious units was already taken in the 1982 defense decision as a result of studies carried out at that time. Since then, this type of unit has been developed in detail, unit objectives and tactics have been established and development and procurement of materiel are under way. The first units will soon become a part of our wartime organization. This will mean a considerable improvement in the mobile component of the archipelago defense.

In recent years the threat picture has markedly changed. The risks of surprise attacks have become increasingly tangible. The introduction of new technology and tactics give the attacker new and improved opportunities for carrying out a coastal invasion. Nowadays we anticipate that the opening moves against our coast may take place along a broad front and at great depth. The purpose is to establish beachheads quickly and unexpectedly and to gain control at a very early stage of ports and airfields, which are also necessary in the future in order for the attacker to be able to develop the operation in the depth of our territory.

The attacker's beachhead defense could acquire such strength even after about a day that it would be very difficult for us to break down the defense. The conclusion is that it is becoming increasingly important to have effective attack units available in the coastal zone even in the introductory phase. The regional defense must be built up through a combination of durable, fixed units and mobile attack units, which can rapidly be deployed against those sections of the attacker which manage to land from the sea or by parachute.



Close-up of the RBS 17-Hellfire coastal defense guided missile. The missile has attracted international attention.

Our archipelagoes present excellent defensive conditions only on the assumption that we defend them. The fixed barrage units have been tailor-made for the defense of vital archipelago and coastal areas. The units represent fire power and endurance. However, we cannot afford to establish a fixed regional defense everywhere, and even in areas where we have such a defense it must be supplemented with mobile, effective units adapted to the archipelago environment.

Amphibious Units Tailor-Made for Archipelago Combat

Army field units and local defense units cannot be utilized for an attack in the archipelago without very extensive preparations and only after the addition of command, support and transport capacity. These units have not been adapted for archipelago combat. But the amphibious battalions have.

Thus, the amphibious battalion is a unit specially developed for mobile archipelago combat. The principal task of the battalion is attack on an enemy who is penetrating the archipelago and/or landing by sea/air in archipelago terrain. The attack mission dictates to a high degree the demands for fire power and mobility. The battalion therefore includes commando companies, among others, with grenade launching companies for support. The means of

transportation consist of fast combat ships for tactical transportation of the combat elements of the battalion.

The amphibious battalion is able to carry out repelling or delaying actions independently or together with locally based archipelago units. This poses special demands for modern naval target combat systems. This is why the battalions include amphibious companies equipped with both light coastal defense missiles as well as mobile naval mines. In a short time exclusion and delaying zones can be established with continuous firing systems in vital channels. The demand for tactical mobility is great. Regrouping can take place rapidly and during ongoing battle.

Sections of the amphibious battalion must also be able to infiltrate an archipelago terrain dominated by the enemy. In-depth attacks must be carried out on the enemy's formation. Special demands are imposed on operations in the dark. Frogmen are part of the battalion, as are artillery units in order to be able to deploy and direct artillery and missile fire.

With the amphibious units the coastal defense receives a significant increase in power with synergistic power for the locally based defense. The amphibious units have been optimized according to the threat picture we envision.

Protection Against Submarines and Saboteurs

The amphibious battalions also have a few other duties which have become increasingly important in recent times, which is why I want to discuss them individually. These are antisubmarine protection and protection against sabotage units. Foreign underwater activity against our country continues at about the same rate as before. This is evident from the most recent quarterly report of the supreme commander. Simultaneously, we have become more and more conscious of the fact that underwater activity to a large extent is tied to sabotage units (diversionary units).

Lt Col Claes Sollbe points out this situation in an article in TIDSKRIFT FOR KUSTARTILLERIET no 4/85. Sollbe reports that the Soviet Baltic Fleet possesses naval sabotage units (diversionary brigade) which among other things include frogmen battalions and minisub units. In a crisis situation the sabotage brigade could potentially be given the mission of secretly penetrating our protective and base regions, destroying surface attack units, submarines, command and communications systems, coast artillery units, total defense installations and of neutralizing certain key personnel. This is a very serious threat and it is not totally improbable that the underwater activity which is directed toward us today is in preparation for such an operation.

For that reason the amphibious units have been given important tasks in antisubmarine warfare and in protection against sabotage units. The amphibious units will be equipped and trained for this task. Even in peacetime the basic training units can maintain high antisubmarine alertness and together with the fixed antisubmarine defenses in our channels establish

effective surveillance of inner waters. This is of importance from a military as well as a security policy aspect. We must be able to assert our territorial integrity in order to be credible. The protection of inner waters also poses particularly tough demands on us with respect to international law.

The antisabotage duty is partly connected with the antisubmarine protection of inner waters. With the new training system which the Navy is now planning to implement, basic training is prolonged so that thorough mobilization coverage can take place during the year with the age group units. This extended training period allows the units to be given antisubmarine and antisabotage training at an early stage without other military duties suffering.

Missiles and Fast Combat Vessels

The amphibious battalions receive a great deal of new materiel. On the command side may be mentioned the new STRIKA fire control system, modern radio stations and various types of sensors. On the weapons side there will be procurement of everything from new small fire arms and grenade launchers to coastal defense missiles and naval mines. It would be too extensive to describe in this article the new materiel even in quite broad terms. I will therefore limit myself to the discussion of a few important materiel objects, which will have to illustrate what is going on.

As was mentioned before, the amphibious units will be equipped with a new light shore defense guided missile system. Several different solutions were studied before the decision for development and prototype acquisition.

The studies reported that the most cost-effective solution was to further develop the U. S. Hellfire antitank missile into a coastal defense missile. This coastal defense guided missile system, which is now called the RBS 17, has already attracted a great deal of international attention. There is no doubt that the RBS 17 will mean something of a revolution in the field of light naval target missiles. Its fire power is many times that of today's systems. In comparison with the present light coastal defense missiles (RB 52), there will be a definite improvement in range, power, precision, vulnerability, handling etc. There will be significant improvements in virtually all areas.

The missile is difficult to knock out or jam. It can be launched from protected launch sites behind islands in order to make enemy counteractivity more difficult. It can also be fired from a gun mount on the combat ships. The mobility of the missile unit is good and allows for tactically correct behavior even in rapid situations.

The amphibious units are being given a large number of new boats. In addition to pure transport vessels they are given combat ships, both large and small. These will gradually replace the present 200-class boats (TpbS), among others.

As is evident from the name, the combat boats are a kind of "combat vehicle" acquired primarily for tactical transports and support for example during

violent landing. This means demands for high dash speeds (about 30 knots), good armament and anti-fragmentation protection. Prototypes are being developed. Throughout the year practical tests will be undertaken in order to provide a basis for decisions regarding serial acquisition.

The new fleet of ships will provide the amphibious units with both tactical and operational mobility. Since the number of amphibious battalions will be limited, after all, the units must be able to move between and within the coastal military districts, so that the force of our resources can be concentrated to threatened coastal areas.

Amphibious Units--a Part of the Naval Defense in Depth

Naval defense in depth is built upon a large number of naval systems which together can act against the attacker during the totality of the phases of a coastal invasion. A concentration of strength must take place in the coastal zone, however. It is during the landing phase that the attacker is most vulnerable. The amphibious battalions will form important components in our coastal and archipelago defense. The units have been designed in order to respond to the threat picture of tomorrow. The collected experience has been utilized in order to create a cost-effective type of unit. The amphibious battalions are further based on the ideas which were the starting point for both mobile barrage units and coastal commando units. The new amphibious units translate these ideas into practical action in tomorrow's threat environment.

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ECONOMIC

FEDERAL REPUBLIC OF GERMANY

STOLTENBERG'S SHIPBUILDING SUBSIDIES CRITICIZED

Hamburg DIE ZEIT in German 21 Feb 86 pp 17-18

[Article by Heinz Bluethmann: "Teeth-Chattering on the Coast"]

[Text] Gerhard Stoltenberg, otherwise the completely frugal head of the household, is an atypical Finance Minister at least in one respect: if cries for help from the coast reach the "bright one from the North," then he is quickly ready to reach into the State's little money bag--and very quickly at that.

Once it was the Schleswig-Holstein Farmers Association that quickly convinced Stoltenberg, the ex-Minister President of the northernmost Federal Land, in 1984 that the farmers deserved still more public funds. Now the economics ministers of the four coastal Lands have sent emergency signals to Bonn, since they want to slip new tax monies to the needy shipyards: only a few days after that, the Federal Finance Minister declared himself in agreement in principle with further subsidies in the millions.

Schleswig-Holstein will profit the most from this, since with 13,000 employees more people work in the shipbuilding industry there than in the other three Federal Lands. It was also Schleswig-Holstein that set off the latest round of competition for subsidies among Lands and States: in order to avoid the threat of failure of the Harmstorf Group, the largest civilian shipbuilding enterprise among the Elbe, the North Sea, and the Baltic Sea, Minister President Uwe Barschel and his economics minister, Manfred Biermann, released 31 million Marks of Land funds on a special basis and made ready another 70 million marks for other aspirants to bankruptcy.

By so doing Barschel and Biermann openly and freely contravened the solemn agreement of the Lands not to start individual action in getting subsidies for "their" shipyards but only to decide on mutual help. The quarrel, actually predicted for this reason, among the four coastal economics ministers at their latest meeting in Bremen practically did not materialize, however. Indeed, Birgit Breuel of Hannover took advantage of the favorable opportunity to have herself quoted once more as a "declared opponent of State subsidies," but she was basically happy that nothing similar had happened to her--such a short time before the Land parliamentary elections.

Her Kiel colleague Biermann and his boss Barschel also found the decision for new subsidies easier--because of imminent municipal elections. Among politicians that's understood as follows: "We must have patience with Schleswig-Holstein," sympathized Bremen's economics senator, Werner Lenz.

To the question whether he had been forced into the support for Harmstorf, Barschel answered quite dutifully: "The Land government was free to develop its wishes." But then he also said: "However, we stood before the unpleasant alternative: bankruptcy or State support." This confession from a Minister President is frightening when all of 3,200 jobs are in question. Namely, the nearly broken-down Harmstorf Group doesn't have any more than that, and it will have to reduce its work force significantly in the future--at least 330 employees will have to go in any case, even with Barschel's State message.

The Barschel action, the effects of which are spreading, will be still more incomprehensible due to the fact that the 2,900 jobs at Harmstorf, which could be saved under the best of conditions, are not concentrated in one municipality at all: 1,200 people are now working at the Flensburg Shipyard, 800 at Schlichting in Luebeck and 450 at the Buesum Shipyard. Has the threshold of alarm over jobs already dropped so low?

The injection of State funds, according to Barschel, "should make it possible for the Group to adapt to the changing situation in ship travel and shipbuilding." The Group could do that best, of course, if it closed its shipyards without compensation. Barschel and Federal Finance Minister Stoltenberg are blocking--precisely contrary to their loud proclamations--the measure that is actually necessary: fewer shipyards are needed, not more subsidies.

In reality all the Land sovereigns are simply saying the following: if cutbacks have to be made then, please, in the other federal Lands. Thus they helped their own footsore shipyards wherever they could--everybody talks a lot about a common shipbuilding policy, but everybody acts according to his own Land.

What's bad about this is that even blatant entrepreneurial failures are so graciously covered up. The willful company chairman Alnwick Harmstorf, for example, has often made unfortunate decisions on personnel. The managerial merry-go-round that Harmstorf set in motion aggravated the firm's problems.

To keep unprofitable facilities in operation with State support, with no solid prospects of again reaching the safe shore within at least a couple of years, cannot be a sensible course out of the shipbuilding crisis, which has now existed for 10 years. "We definitely face a further cutback in capacity in the shipyards," the Bremen Economics Senator, Werner Lenz, has declared nevertheless.

His estimate is that the Germans will fall still further behind in international competition. Lenz calculates that a world market share of 3 percent will fall to only a good 2 percent and that at least one-fourth of capacities will be surplus. To express this in jobs: of today's 40,000, 10,000 are threatened.

The misery is evident worldwide: since too many ships of almost all types exist, shipping lines are ordering fewer new ships to be built, and unutilized shipyards are fighting harder and harder for every contract. Prices are falling: by 15 percent last year alone; the sector expects a further slide of 10 percent in 1986.

The works committee for ocean-going shipping of the largest German shipping line, Hapag-Lloyd, estimates surplus tonnage in container ships alone at 35 to 40 percent. It's no wonder that order books in shipyards are remaining empty. Scarcely one shipyard has work beyond 1986. Last year German industry delivered ships with a total gross register tonnage of only 500,000; 10 years earlier it was five times as much.

But the slump is not yet at an end. For even this sad result for deliveries distracts from the real situation: a good two-thirds of newly built ships are no longer being ordered today by "normal" shipping lines, but by writeoff firms that are attracting wealthy citizens from all walks of life with tax advantages. The most important point is that shipbuilding is heavily in the red with all these writeoff firms.

In a desperate effort to win new contracts, shipbuilders must supply and guarantee everything--this is the norm today--that used to be the shipping line's concern: thus the shipyard managers have to land a charter contract that will later assure profitable operations in building a new ship; they have to arrange financing with outside funds through their company banks; and finally they even have to provide a guarantee that the writeoff firm will receive enough equity capital from tax-saving dentists and lawyers.

The shipyard customer is more than a king today. How the position of the shipbuilder has weakened in comparison with the way it used to be is described by a manager as follows: "The shipper only has to snap his finger and can otherwise doze peacefully behind the stove--German shipyards assume all his risk and all his work, just to book an order for building a new ship."

Today the shipper does not even necessarily have to bring his own money along when he wants a new ship. Shipbuilders, scrambling for new orders, can be of service here too. Together with the managers of the writeoff firm--often enough subsidiaries of shipbuilding enterprises--they offer financing that provides the shipping line with its own funds practically out of nowhere: fees and commissions for supposed services by the shipping line, which are included in overall building costs, frequently amount "by coincidence" to the level of equity of the shipping line.

Imagination in opening up sources of funds for financially weak shipping lines scarcely knows any bounds. In complete distortion of actual services performed, agency commissions for the building contract, the charter contract, arrangement for outside financing, silent participation, and intermediate financing are bestowed upon the shipping line in some ship ownership plans. The latest absurdity is that shipping lines allow themselves to be paid commissions where the shipyard assumes the risk of selling the ship and guarantees that tax-saving limited partners will have sufficient ownership shares in the ship.

Improper business practices are spreading quickly: along with favors, shipping lines have also been prepared to accept shamelessly inflated building costs. A 25 to 30 percent markup over that which conservative shipping lines find acceptable is already the norm today. This is not justified with actual additional costs that seldom exceed 15 percent, when a writeoff firm is involved.

The paradox is that this has appeared to disturb no one up to now, even banks that have been financing a good 60 percent of the cost of the ship. However, since far too many ships are looking for cargo on the world's seas, overpriced "dentist" ships are the first to operate in the red--and are also usually the first to come under the hammer. Since the banks have more often been losing money this way lately, they have become more cautious.

However, the caution of the credit institutions has come rather late; some on the coast say--too late. For almost all shipyards are hanging in a net of guarantees and sureties from which they seldom emerge unscathed. Selling guarantees for investments by limited partners are becoming the most expensive: writeoff firms had a claim of 570 million Marks last year, but they received only 350 million; the difference of 220 million has now fallen on the shipyards. The resulting newly built ships have been delivered and have long since put to sea. They're just not paid for.

Therefore, the shipbuilders have an ownership share in their ships equal to the limited partner shares remaining open, but these shares--as the shipbuilders themselves know best--are often overpriced and quickly begin to lose money because of this. In this way many shipyards have already taken on a whole fleet against their will, such as Germany's largest shipbuilder, Howaldtswerke-Deutsche Werft (HDW) in Kiel, which now owns shares in three dozen freighters.

The shipyards will probably have to keep still more of their ships if they want to continue production. For the investor intent on saving taxes--so far the key figure in a largely unstable but available demand--is losing interest. The reason: since the beginning of the year there has been a deduction for losses on new shipbuilding of only 150 percent; it was over 200 percent before, and even 300 percent in some cases. The new upper limit now means that the tax-saver must also assume a risk; he was completely free of it before, since he got his investment back in full from the revenue office.

If the "gold tooth" ships disappear, which have accounted for 60 to 70 percent of the demand for new ships in German shipyards up to now, then the howling and teeth-chattering on the coast will really break lose.

Only the enterprises that saved themselves in a timely manner with the building of warships can look ahead relatively calmly to the future. The State-owned HDW Shipyard is among them, as well as Blohm & Voss in Hamburg and the Thyssen North Sea Shipyard in Emden, to name just the largest. About as much profit will be made with submarines and frigates as losses with commercial vessels.

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ECONOMIC

GREECE

NATIONAL ECONOMY VIEWED AS 'TERMINALLY ILL'

Athens MESIMVRINI in Greek 12 Mar 86 p 6

[Article by K. Kolmer]

[Excerpts] The Papandreou government appears strong and incontestable today. Its future, however, is highly uncertain....

Despite the government's implementation of a foreign and economic policy which is contrary to the proclamations and hopes and convictions of its very numerous adherents, the absence of a credible alternative solution to the country's lingering and worsening problems allows Papandreou to maintain his political initiatives domestically.

There is no doubt that, just as we have a problem with the government's credibility, there is a similar problem for the opposition. And since democracy is like tennis--it requires that both adversaries be "good" for a quality game--it is certain that our political life is on a continuous downgrade.

The same is true for the economy.

The Economy Suffers From AIDS

The Greek economy is showing symptoms of "acquired immune deficiency," known as AIDS. This is because, despite the repressive measures taken, the economy is not responding--rather, it is worsening. According to provisional data after December 1985--in which the value of imports reached 10.5 billion dollars on an annual basis--the past January again presented an increase in expenditures for imports, while the trend for exports was slack. And February was no better from the standpoint of the balance because of high annuities. In the last quarter of 1985, moreover, when supposedly the 11 October 1985 devaluation should have been operating, imports increased 13.2 percent, versus 9.6 percent in the corresponding quarter of 1984. Likewise, the surplus of invisible resources decreased 9.2 percent, versus 3.3 percent previously. Which means the balance is not responding to the measures. It is suffering from AIDS.

At the same time, inflation in the past five months since the devaluation has been "running" at an annual rate of 30 percent, while it is now certain that, this year, the Gross National Product, which is the total of goods and services produced, will be, at real prices--that is, non-inflated--decreased by two percentage units (the EEC says minus three percent), following on the meager increase of approximately one percent in 1985

Investments of fixed capital will decline again, at constant prices, by approximately two percent--following on the negligible rise of 1.5 percent they had in 1985. And the wild tax-hunt D. Tsovolas is preparing to launch will put to flight the remaining disposable venture capital in the country.

As a result, the relation of investments to the GNP will fall even further--below 15 percent, at current prices--and consumption will increase, mainly in the public sector and the non-compliant para-economy.

Three of the economic choices taken by the government will be the main factors leading to these unfavorable developments. They are:

1. Maintaining the public sector's deficit at the unacceptably high level of 850 billion drachmas, or 15 to 16 percent of the GNP.
2. Extending local credits at a rate of more than 30 percent, versus last year's already high rate of 25 percent, but with a basic motive this time not of increasing deposits (which decreased in February in gross volume) but expanding the monetary circulation. Included in this will be the use of 40 to 80 percent "margins" on imports.
3. The insufficiently elastic exchange policy which will allow a real devaluation in 1986 of no more than 15 percent, versus 22 percent in 1985 and 24 percent in 1984.

Developments in the Balance

Under these conditions, the deficit in the balance on current accounts--which is the critical magnitude in the Greek economy--will show a very small control. And so, together with the large commitments for paying off amortizations--about one billion dollars this year--and with a further drop in the independent influx of capital, the fiscal deficit in foreign exchanges will again reach approximately 2 billion dollars, versus 2.3 billion in 1985.

More specifically, despite the falling prices of oil and resulting savings of 500 million dollars, the development of the balance of payments is expected to take the following form this year, in million dollars:

	1986	1985
Imports	9,300	10,541
Exports	4,000	4,290
Trade Balance	-5,300	-6,251

We calculate the decrease in imports at around 800 million dollars because of the two-percent drop in income in 1986. But for exports, a decrease of approximately seven percent will be noted because of the continuing decline in the competitiveness of Greek industry in recent years. It is also necessary to point out that the exchange policy being followed, which raises the price of the drachma versus the dollar, does not favor an increase in exports, which are occurring mainly in dollars.

In the sector of invisible transactions, we foresee a further drop in receipts because of the recent disparaging of tourism in the Mediterranean, the worsening shipping crisis, and the perceptible increase in invisible payments due to payment of large amounts for interests on earlier loans. (In the past year, 1985, alone, the new long-term loans reached 2.5 billion dollars and the short-term, 3.5 billion.) The expected development will be approximately the following:

	<u>1986</u>	<u>1985</u>	
Tourism	1,400	1,428	
Shipping	900	1,077	
Emigration	600	781	
Remaining (EEC, etc.)	<u>1,900</u>	<u>1,974</u>	
Invisible Resources	+4,800	+5,228	[as published]

However, with an increase in invisible payments, mainly because of interests--to 2,200 million dollars (of which interests are 1,579)--the deficit on current accounts will be restricted to only 2.7 billion dollars, versus the 1.7 billion forecast by the government.

But under such conditions this deficit is more or less insurpassable. Here is why:

With a deficit of 2,700 million dollars, as we foresee based on previous assumptions, added to an amount of approximately 1,000 million dollars--the same as the amortizations for 1985--the foreign exchange balance will leave a fiscal gap of 3.7 billion dollars, a gap which is not covered easily.

Because, even if it were calculated that the independent influx of capital will reach 1,500 million dollars--in which we include the first portion of the EEC loan, 800 million dollars--again the fiscal gap to be financed falls no lower than 2.2 billion dollars, an amount exceptionally difficult to find on the international market, given that it entails a further addition of net borrowing worth 1.2 billion dollars to the present levels of approximately 26 billion dollars. The Bank of Greece is already preparing to go out to the Euromarket of dollars for a jumbo loan of 450 million dollars this month.

We do not believe the international banks will finance this fiscal gap if beforehand:

1. Certain points of improvement in the balance of payments and inflation do not appear.
2. The Papandreou government's "foreign" pending issues are not settled.
3. The government does not accept more undesirable lending terms.

At any rate, at the end of 1986 to beginning of 1987, the exchange problem will become insurpassable--annuities alone will reach 2.8 billion dollars--and the foreign debt will have to be rearranged, with a call to the International Monetary Fund. When the lies will end. As will socialism.

[Editor's Note: The opinions expressed in this column are independent and not binding on MESIMVRINI nor do they necessarily express its political line.]

ECONOMIC

GREECE

REASONS FOR 'PROBLEM' ENTERPRISES FAILURE DIAGNOSED

Athens EPIKENDRA in Greek Nov-Dec 85 pp 58-61

/Article by "A University Man"/

/Text/ I. Diagnosis of the Problem

The existence of problem enterprises is inherent in the functioning of a free economy system where failure constitutes a possibility in the undertaking of business ventures. Failure constitutes an unavoidable consequence of the nature of business activity and the imperfection of man's capabilities in having exact foresight and making correct evaluations. The possibility of failure, is, moreover, the thing that substantially justifies the existence of financial profit and renders business failure an uninsured danger. It is nothing unusual, therefore, to find failures in industry. Throughout the world, in all eras, there have been business failures that have not caused upheavals in the economy nor upset society greatly. Their effects, regardless of what they are, are usually absorbed easily or with difficulty by the economic system. An exception to this are the mass phenomena of failures that are always attributed to outside factors for the isolated enterprise. The consequences of the isolated occurrences of failures usually fall on the shoulders of those responsible for the failure without society's sharing in this in any way whatsoever.

The recent phenomenon of business failures in Greece is a mass phenomenon. It is not limited to isolated enterprises or sectors. Nor is it limited to the 38 enterprises that have come under the OAE /Organization for the Rehabilitation of Enterprises/ and to another 120 that, as is being said, beg to be officially recognized as problem firms and request that they be brought under the OAE. It extends to the entire industry sector regardless of the fact that for various reasons they have not yet come to the point of being incapable of making their payments. The increased degree of sluggishness in industry or the trend toward flight from industry (that is also the basic characteristic of de-industrialization) accurately describes the distressing mass experience of the industrial world and the pessimistic prospects that are based on them.

The comparison of a relatively small number of long-range statistical data that relate to operating costs and industrial results can be sufficiently enlightening. In 1964, those industries that showed profits represented 72 percent of the total (joint stock company and limited liability company statistics whose balance sheets were brought together by SEV /Association of Greek Industrialists/), while loss

as a percentage of the profits were 24 percent. In other words, the overall size of the profits was about four times the overall size of the losses. In 1973, the corresponding percentages were 78.4 percent and 7.8 percent. This was the period of Greek industrial development, the period when industrial capital increased by 150 percent and industrial exports rose from 7.2 percent of overall exports to 42.7 percent. In the past decade, industrial capital increased by only 57 percent and is already showing signs of premature old age. Net industrial investments as a percentage of consolidated industrial capital dropped from 9-10 percent at the beginning of the decade to the present 2.5 percent. If, on the other hand, one were to take into consideration technological and economic depreciation that is not reflected in the figures, then there most probably is a decrease in the active industrial productive force.

The world crisis has constantly been described as being responsible for the collapsing industry, or else erroneous industrial policy or the lack of business people with proper understanding and social responsibility.

II. Causes of the Crisis

Neo-Marxist theory on the problem places responsibility on the drop in dynamism in industry on the shift of accumulated capital toward light industry and construction materiel because, it says, this worsens the relative position of the country in the international distribution of labor. This relates to an ideological position that projects the socialist ideal of heavy industry and self-sufficiency. Nevertheless, criteria tied to a type of product cannot constitute a basis for evaluation. The only proper criterion for evaluating the course of an investment by industry sector is its long-term viability in an international competitive environment.

For an insignificant economy, percentage-wise in relation to the size of international business, such as the Greek economy, the above suggestion has increased validity. It is not the makeup of investments that is necessarily responsible for the declining performance of industry. At fault are those factors that brought about a decrease in the rate of industrial investments as a whole. What has been deceitfully described as renunciation of investments is neither satiety nor renunciation of investments nor the lack of sufficient business talent, nor financial restrictions that are said to be responsible for the low rate of investments and the drop in competitiveness of Greek industrial production. Nor, of course, is it right that the international economic situation be made responsible to such a great extent as has often been the case. We do not maintain that the above factors have not played some negative role. Something like that would be frivolous. What we do believe, and we find sufficient support in quantitative data, is that the gradual weakening of Greek industry's dynamism is due primarily to the prevailing economic policy. At the very same moment when government policy and the position of the political world had reached a point in labor unruliness and in creating an unfavorable business climate, monetary wages were increasing at a rate much more rapid than the increase in the cost of living together with productivity which, in association with price controls, led to a shrinkage of the already low profit margins enjoyed by industry.

The dramatic increase of the share of wages to added value in industry eloquently expresses "the source of the evil." The share of wages in industrial added value increased by 33.6 percent in 1970 and 31.7 percent in 1973, rising to about 52 percent in 1983. This rise is not due either to a change in technology nor to a decrease in profits brought about by the crisis. Statistical data do not support anything like this. To the contrary, it appears that the real recompense for labor increased at a much faster rate in comparison with an increase in production. Between 1963 and 1973, the increase in the real hourly wage was 80 percent, while the increase in the gross domestic product was 106.8 percent. If one were also to take into account the increase in employment it follows that in real terms the hourly wage increased about as much as productivity. On the other hand, during the second decade, namely 1973-1983, the real hourly wage increased by 71 percent compared to only 26.8 percent of the gross domestic product. In other words, the real hourly wage increased at a percentage rate 2.7 times faster than the corresponding rate of the domestic product.

These indications do not leave any doubt as to the causes of the crisis in industry. The ballooning of costs without any corresponding adjustment of prices of industrial goods, either because of competitive conditions or because of management interventions, resulted in an initial shrinking and subsequent disappearance of industrial profits that were already very small.

In 1982, industry as a whole suffered losses for the first time but a large number of firms suffered very heavy losses. Specifically, losses for the overall 3,176 joint stock companies and limited liability companies amounted to 15 billion drachmas (42 billion in losses and 28 billion in profits). This corresponds to a return of -4.7 percent on the same capital. The situation in 1983 and 1984 was similar or even worse. It is, moreover, worthwhile to follow the course of returns on the same capital during the period 1964-1984. In 1964, returns represented 8 percent and they continually increased until 1973 when they reached 19 percent. From 1974 they began to drop, while real wages increased. In 1978, they amounted to 3.8 percent and they fluctuated at these low levels (5-7 percent) until 1982 at which time they dropped to below zero. Of course, the true percentages are much smaller because, due to the insufficient readjustment of the consolidated capital in inflationary situations, the same capital that is recorded in balance sheets is much smaller than the real.

The preceding brief analysis reveals that (1) the question of problem enterprises is in essence a consequence of wage policy that was followed over the past decade, in conjunction with labor unruliness. In other words, it is a result of general factors not having to do with business itself. (2) The issue is not limited to the small number of firms that have been named problem firms but to almost the entire industry that is threatened with extinction.

Since 1975, 35-40 percent of the joint stock and limited liability companies were prone to losses, while in 1982 the percentage rose to 45 percent, compared to 28 percent in 1964. Therefore, the phenomenon of mass over-indebtedness and bankruptcy does not represent a typical phenomenon of a business failure. Of course, business failures do exist in or out of the official list of 38 that are due to erroneous investment decisions. However, the primary factor is determined externally. This fact must be understood in all its dimensions because it will determine the extent to which further errors will be avoided.

Structures developed under the influence of statist views, both as regards the monetary-credit system as well as other sectors of our economic system, did not permit proper functioning of those forces that allow for a cleaning up of the economy, forces that conveniently rise up during periods of economic crisis.

The dramatic increase in labor costs contains significant data on the state's choices of policy, for example, through its proclamations about the redistribution of income, proclamations that had literally taken the form of unmitigated hysteria. Labor costs would not have increased so unreasonably had a proper atmosphere been created. In some way or other, one may say that a model of economic behavior was systematically cultivated and developed that was based on the self-reliance of distribution as a factor for increasing the standard of living. This factor explains, to a large extent, the stagnation in productivity that is being observed in all sectors of the economy, particularly in the public sector.

III. Direction of Policy

A diagnosis of the causes leads to a basic conclusion. The source of problem enterprises is to be found, to a large extent, in erroneous economic policy coupled with special conditions that prevailed in the post-dictatorship period. It is evident that the situation would have been even worse had the state been in the place of private businessmen. Consequently, OAE or any other related concept that bases the possibilities of industrial development on the arteriosclerotic, apathetic or indifferent state bureaucracy must be eliminated. The state can in no way constitute a better alternative solution than private initiative, as witnessed from international experience.

The transfer of problem enterprises, those socialized or not, to the private sector needs in-depth study and something more. It is indispensable to specify in every single instance that proportion of the problem --always approximately-- that was caused by the direct or indirect influence of governmental policy. In other words, the balance sheets of the firms must be compared under different premises to those under which they functioned in the critical period. It is a very difficult and painful task that contains great dangers of discretionary balance sheets and strongly subjective evaluations. Nevertheless, it must be undertaken. The picture that will ensue will show two things: (1) if the enterprise is competitive or there are sound hopes for this and consequently its continued functioning is indicated and (2) what is the size of the private cost that must be socialized. In other words, what part of the accumulated debts must be written off for the enterprise.

With regard to those enterprises that have shown that they have lost every possibility of operating competitively, either partially or totally, a decision has to be made for their ceasing operations. The remainder have to be returned to their business owners in those instances where the cause of the over-indebtedness was not bad management.

The return of the enterprises to their natural authorities must, on a case by case basis, be linked to capital expansion. The ways in which the relationship between private and foreign capital can be improved are varied and need not concern us here. At any rate, it should be pointed out that the borderline situation in which both problem and non-problem industrial enterprises are underlines the need for strengthening private capital through broadly-based popular participation in capital stock.

In those cases where a return of the enterprise to its former manager is not deemed warranted or the latter does not want to once again exercise his business role, the transfer to private controls must take place through international bidding.

Of course, we should not in any case forget the factors causing the over-indebtedness, i.e. the relative increase of real wages. The drop in the wages/yield ratio from 52 percent to 40-45 percent is indispensable to prevent any re-emergence of the problem.

The study of the problem along the lines we have described requires much toil on the part of many because the problem essentially relates to the actual continued existence of industry, i.e. to its further development. Because we must not forget that just and candid confrontation of all cases will perhaps act positively as a motivator for both young and older businessmen to assume business dangers.

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ECONOMIC

GREECE

BANK STRUCTURES, BACKGROUND, ORGANIZATION REVIEWED

Athens EPIKENDRA in Greek Nov-Dec 85 pp 62-66

/Article by And. Kh. Zitridis*/

/Text/ The organizational makeup of the Greek economy's credit sector includes the banking system and the Athens securities exchange. The two components carry out currency and capital purchase functions but each differs significantly from the other. Generally-speaking, the securities exchange is still an imperfectly formed organization that insufficiently meets the needs of capital purchasing, while banks, by comparison, constitute a developed and organized instrument with a strong presence in the credit arena.

Brief Historical Background

The first bank of the newly-created Greek state was the National Financial Bank that was established in 1828. The establishment undertook the limited task of issuing interest-bearing bonds for the purpose of contracting loan capital for the state. It did not exercise any other banking function and was dissolved after about 6 years. In essence, banking operations in our country were inaugurated in 1841 when the National Bank of Greece was established. As is well-known, this bank engaged in very active and multifaceted banking operations that have been linked to the country's economic progress. Up to 1928, a year that constitutes a landmark for Greek banking developments, many other banks were set up most of which were short-lived. During this entire period banking activities were carried out without state intervention and controls, special legislative frames of reference or substantial specialization.

The year 1928 marked the appearance of the trend toward a gradual apportionment of basic banking operations and the drafting of specific legislative frames of reference governing banking operations. The Bank of Greece was established in that year also. It assumed the jurisdiction of a central bank and primarily the issuing function that the national bank had exercised until then. A year before, the land credit branch of the National Bank had been detached and given over to the newly-formed National Land Bank. In 1929, the Agricultural Bank was established and it assumed

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agricultural credits by itself. In 1931, state legislative interest was manifested for the first time with the enactment of Law No. 5076 that determined the basic conditions for banking operations. This was later followed by a whole series of other laws that supplemented the relative framework.

The year 1946 could be considered as a second landmark. At this time the trend toward specialization of banking functions began, together with the developmental course of the economy and the exercise of a systematic credit policy by the state, as well as the attraction of foreign banking interests. Significant points were the setting up by the state of the Tourist Credit Organization in 1946, the Economic Development Funding Organization (OKhOA) in 1954 and the Organization for Industrial Development (OVA) in 1960, organizations that were brought together into the Hellenic Industrial Development Bank (ETVA) in 1964.

At the same time, similar private credit institutions were established by the big commercial banks in cooperation with foreign banking capital. Specifically, the Investments Bank was established in 1962 by the Commercial Bank and the National Bank for Industrial Development (ETEVA) in 1963 by the National Bank. State intervention for overseeing monetary and credit developments was manifested primarily with the setting up in 1946 of a special office, the Monetary Committee, that was extended full regulatory powers, giving it the possibility to control overall monetary and credit operations. The task of the Monetary Committee was transferred to the Bank of Greece in 1982. During the period 1946 until now still further efforts were made to bring together banking units into large banking groups with broader business ties and also there was an expansion in the establishment of big foreign banks in our country.

Present Makeup

Our banking system is today made up of the following: one central bank (the Bank of Greece), 33 commercial banks (14 Greek and 19 foreign), three development banks (ETVA, ETEVA and the Investments Bank), one agricultural credit bank (the Agricultural Bank), two land credit banks (the National Land Bank and the small National Housing Bank) and two special credit organizations (the Post Office Savings Bank and the Savings and Loans Fund).

The basic characteristics of the banking system are as follows:

-State intervention penetrates deeply into the banking sector and is manifested through direct or indirect control over most banks and banking operations. Purely state banks are the Agricultural Bank, ETVA (the biggest of the three development banks), the Post Office Savings Bank and the Savings and Loans Fund. The state indirectly controls the Bank of Greece (it appoints its management as well as the NPDD /Legal Entities of Public Law/ administrations that maintain the majority of the shares of the General Bank), as well as the big groups of the National Bank (National Bank, ETEVA, Business Credit Bank and National Housing Bank) and the Commercial Bank (Commercial Bank, Ionian-People's Bank, Investments Bank, Bank of Piraeus and Bank of Attiki) through control of the NPDD administrations that hold the majority of their shares.

Strictly private banks are the following: Credit Bank, Bank of Crete, Bank of Makedonia-Thraki, Bank of Central Greece, Labor Bank, Greek-French Bank and Arab-Greek Bank, as well as, of course, 19 foreign banks (six American, five British, three French and one Swiss, Dutch, Canadian, Jordanian and Iranian). However, the share of all of these banks together in the overall banking operations represent only about 18 percent.

The system is dominated by a tendency toward bank concentration into strong and expanded business groups. Thus, the two biggest commercial banks (the National Bank and Commercial Bank) constitute substantially big groups each of which controls, besides the aforementioned banks, a number of industrial, commercial, tourist and insurance firms. This development, despite the penetration of foreign banks, gives the system an oligopolistic form. It should be noted that the two groups cover about 78 percent of the overall operations of the commercial banks.

-Banking operations are conducted within a framework of limits, directions and procedures that are prescribed either by constitutional regulations or by regulatory provisions that are provided for by special legislation or are prescribed by relative regulations of the Bank of Greece (formerly by the Monetary Committee), by virtue of its legislative powers (Law 1266/1982). The overall system is indicative of the narrow interventionist restraint that limits banking operations, as will be described further on.

Credit Controls System

Monetary policy's intent is effective controls over the economy's liquidity so as to ensure the greatest possible promotion of production and investments, within the framework, however, that provides for the need to safeguard the domestic and foreign stability of the national currency. This goal is pursued in our country primarily through controls over the overall volume and distribution of bank credits. Emphasis on specialized means of credit policy has been tied to the fact that, with the prevailing insufficiencies and peculiarities of the Greek economy, traditional monetary measures that aim at controlling liquidity, through implied manipulation of fluctuations of interest rates in the market, are not effective.

The credit controls system being utilized specifically aims at the following:

- Ensuring sufficient and cheap means of credit for financing the public sector and activities that have priority from a developmental aspect, such as industrial investments, exports, etc.
- Rejecting or discouraging the financing of expenditures and activities that are considered as anti-developmental, such as the import of luxury goods, exorbitant consumer expenditures, etc.

Intervention is implemented through the following:

- Direct planning of the activity of special credit organizations controlled by the state, such as credit organizations that meet the credit needs of sensitive sectors of the economy, such as the agricultural, housing and investment sectors (Agricultural Bank, Land Bank and ETVA).

- A system of regulatory provisions by the Bank of Greece that impose on commercial banks certain obligations and mandatory placement of their available funds, as well as prohibition of investments, while at the same time these same regulatory provisions predetermine the necessary basic conditions for providing for certain categories of credit granting.

Finally, a basic element of the system is the setting up by monetary authorities of the permissible limits of interest on bank deposits and grants. A criterion in the differentiation of the latter is the social-economic significance of the financing purposes.

The format of strict credit controls was based on the view that the organic weaknesses and institutional imperfections of our insufficiently developed economy do not permit a liberalization of the credit system. More specifically, it was determined that the lack of a developed form of capital markets and an organized money market, as well as the difference that exists between the private economic yield of social-economic benefits of certain business ventures, result in making the automatic distribution of credits based on the free establishment of interest rates on the market socially anti-productive.

The directed credit system covered the productive effort, with certain gradual simplifications, during the entire post-war period, and it is believed that generally-speaking it has in the past met specific needs and has stood up to the restrictions that the developmental phases of the economy required, restrictions that have now come to an end. Today, however, conditions have significantly changed and require a proportional readjustment of the credit system. In principle, the long-term implementation of the controls and regulations format provided the necessary convenience of time for the promotion of the inevitable process of evasions and violations in a way that the effectiveness of intervention was diminished. The most important thing, however, is that the very development of the economy, its productive expansion, technological and business progress, as well as the opening to competitive international markets have all created a situation that not only makes the credit system sluggish and ineffective but has revealed in all its dimensions its inborn flaws, weaknesses and side effects. Above all, the question is that the format in question entails the subsidizing of financial operations by the banking system and in the final analysis by savers and depositors; that it transfers responsibility for the profitability of banks on monetary authorities; that it creates liabilities and lessens the flexibility of monetary policy; that it ends up in over-financing certain sectors and in credit restrictions on others and, at the same time, in the outflow of valuable credit assets to speculative endeavors, etc. etc.

Emancipation of the System. Premises and Consequences

In recent years the idea has developed that a reform of the credit system was needed particularly with regard to its being freed from restrictions, obligations and regulatory provisions. It is believed that conditions for a free competitive economy require a free credit system where basically market forces would automatically determine the cost and direction of credits. In such a format monetary authorities would intervene, of course, only to influence the overall liquidity of the economy through conventional monetary ways and means (bank rates, open market policy).

Nevertheless, such an important step entails unquestionable costs and is dependent on the fulfillment of substantial conditions:

- It is a given fact that the long-term functioning of the controlled credit system has created within the structure of credit operations and the production circuit, "conditions" whose immediate abolishment is connected to the ensuring of basic premises and requires the acceptance in advance of certain short-term sacrifices. The prevailing credit setup ensures preferential, convenient and cheap financing over the entire spectrum of the public sector and fully covers, with low costs, the credit needs of critical sectors and fields of activity, such as the agricultural sector, industrial investments, handicrafts and exports.

- More generally-speaking, the system maintains interest rates on deposits lower than the real balance levels. Consequently, the first important consequence of the freeing of the system is that the public sector must be deprived of cheap capital from banks (on the basis of the obligatory investment of 38 percent of the deposits of commercial banks in state interest-bearing notes and 3.5 percent in loans to public enterprises) and turn to the free money market.

- The same holds true for the handicrafts industry which should be deprived of the lowest financing now assured it by the obligation by banks to have available 10 percent of their deposits as loans for it.

- Even more, the freeing of interest rates and banking operations will mean a substantial increase in the cost of making loans to the agricultural sector where the directed interest rates must be adjusted from their current low levels (11-14 percent) to clearly higher levels.

The above selectively designated consequences mean, practically-speaking, that the changeover to a free credit system is certain to be gradual, time-wise, to the extent that the following basically necessary pragmatic and institutional conditions are ensured:

1. Reorientation of financial policy and corresponding readjustment of financial operations so that it might assume the burdens that the reform entails for it. The freeing of the credit system also means its disengagement from responsibilities and roles that are foreign to its nature and capabilities, primarily with reference to the support of sensitive sectors of the economy and the strengthening of critical activities for economic development.

This burden must naturally be transferred to the state budget that will at the same time assume the greatest cost for financing the public sector that entails its switch to a free money market. The seriousness of this condition is, of course, accentuated by the fact that the public sector is at present greatly in the red and over-indebted and appears inflexible in many respects.

2. Development of competitive markets that operate parallel to the banking system, more specifically the free market, are obviously necessary for the effective functioning of the free credit system and must keep pace with its being gradually set free, with a framework of mutual dependency and mutual support.

3. A determined check on and decrease in inflation for the normal assimilation of credit reforms by the economy. The increase in the cost of credit means -- that is inevitable at least in the first phase of the freeing of interest rates-- entails negative effects on the endeavor for economy recovery, effects that are naturally accentuated during the present high inflationary situation. Indeed, inflation constitutes, generally-speaking, an inappropriate context, time-wise, for the promotion of liberating measures for the banking system. Thus, here too the confrontation of inflation is seen as being the first priority goal of economic policy and as a basic condition for the endeavor to modernize and clean up the credit system.

More generally speaking, there can be no talk about liberating reforms in the banking system before the existing economic crisis is confronted, more specifically before the collapsing monetary balance is restored and the economy is once again on a course of development. The meeting of this condition, however, involves the need for clarifications in connection with the basic principles and important choices of economy policy, primarily as to the limits of and rules for private initiative activity --as distinguished from the huge public sector operations -- as well as with reference to the specific nature of developmental authority. In this connection there is also the big question as to whether the liberalization of banking operations can be reconciled with the present oligopolistic dimension of the system and the sovereign presence of the state in it.

Consequently problems are cropping up that substantially come within the broader political sphere and whose solution today runs up against the gloom on the political horizon and the suspense in the politico-ideological battle.

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ECONOMIC

ITALY

LABOR MINISTER DISCUSSES PLANS TO FIGHT UNEMPLOYMENT

Rome L'ESPRESSO in Italian 23 Feb 86 pp 158-161

[Interview with Gianni De Michelis, minister of labor and social security, by Salvatore Gatti; date and place not given]

[Text] The atmosphere of political crisis and the "check-up" requested by Ciria-
co De Mita are not worrying Gianni De Michelis unduly. On the contrary, the
minister of labor is very calm, being sure that the situation will not develop
too drastically, that the government will continue on its course, that the coun-
try will brave this year of great emergencies, and above all that his 10-year
employment plan will go into effect in a few days. He is not going to worry
about De Mita's blocking the first serious attempt to remedy unemployment, the
chief tragedy of Italy. As he says ironically, "Actually these battles between
the parties are just froth on the surface of the sea of a polite society and an
economy that are progressing rapidly on their own. In this interview he out-
lines his scenario for the 1986 economic policy.

[Question] Mr Minister, the "check-up" is imminent. Is it an occasion to launch
the government's economic policy again, which has been somewhat held up lately?

[Answer] The problem that is arising is due to the fact that the relative ba-
lances of power among the political units in general and the government ones in
particular, and accordingly their roles as well, are not yet defined, so that
there is a kind of constant tension. And I have no illusions that a check-up
could change this situation appreciably. If anything, it can create a more sui-
table climate enabling us to regulate the economy better and more expeditiously,
especially if the DC succeeds in overcoming its schizophrenia that way...

[Question] In what respect?

[Answer] The DC has a schizophrenic attitude toward the government, of which it
is also the major partner. When it speaks of it, it sometimes seems to be speak-
ing of a government to which it is a stranger. During the parliamentary battle
for the financial law I saw my friend Gorla in a position of total isolation
from his party on many questions, which was a rather strange thing.

Question Is the check-up also the occasion to change the program of the economic policy in order to reinvigorate it?

Answer No. The program is all right and there is nothing to be changed. It is only a matter of improving the climate in order to do better work. And when I say better I mean that in the last few years not only the government but also the opposition, the trade unions, the contractors and the managers have actually saved a country that was on the brink of the abyss and restored it. Industry is competitive, the real economy is vigorous, and finances are bright...

Question In short, you really have no fault!

Answer Yes one, and especially one, namely the delay with which the majority (Parliament rather than the government) began to face up to some serious basic questions as to the operation of the mechanisms of the institutional system, that is the economic one and the social one, questions to be faced at once.

Question Which ones come first?

Answer Two examples of all of them are reform of pensions, which will have to be changed radically if they are not to go bankrupt, and reform of parliamentary procedure, which must be done right away if the economy is to be really regulated. They require simpler mechanisms for Parliament to ratify laws. Other parliaments of the world do not permit dwelling on the same law for months or adding thousands of amendments to one law, they are not afflicted with a secret vote as ours is, and they leave the executive more room to maneuver. Our parliament is really nothing but a broken-down rudder that prevents us from steering properly.

Question But it is exactly there, into that lions' den, that you will have to go very shortly...

Answer In early March the government is going to launch a long-range strategy on the employment front. We shall submit to Parliament a package of many laws constituting the first, 3-year portion of the 10-year employment plan that the Ministry of Labor has drafted. I only hope that the members of Parliament will realize that it is no occasion to waste time. The petroleum reversal of these days and the fall of petroleum prices are certainly opening up new prospects on which we should capitalize right away.

Question But they are open to all countries in the world...

Answer Surely, and precisely because unforeseen prospects of growth are open to all, the battle to take the new places will be fierce. And the governments that know how to help their countries and industries better in this war that is starting and will be partly finished by early May at the Tokyo summit will bring them up to the peaks of the new world hierarchy of the 1990's. But he who moves slowly will be in serious trouble. And that is the real problem facing the Italian Parliament.

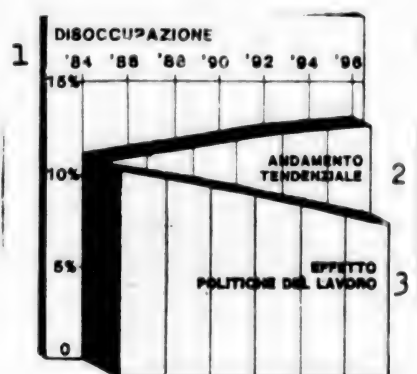
Question But how do you intend to move?

Answer On four fronts, namely industry, employment, public finance and institutional reform, or at least parliamentary reform.

[Question] Let us consider the employment front first, since the opening of Hostilities is only 15 days off...

[Answer] The problem here is very simple. The Italian situation is drastic because employment goes up very little when the economy grows. To be precise, the ratio between growth and employment is 0.2. This means that for every point of annual growth of the GNP only 40,000 jobs are created. If it remains that way, while it is 0.8 in the United States, for example, we are bound to have an unacceptable level of unemployment (as indicated by the graph below). The problem is to change this ratio and make growth produce more employment. In that way levels of unemployment comparable to those in Japan and the United States can be reached within 10 years. The plan I am about to submit to Parliament serves that purpose.

The Government Plan



1. Unemployment

2. Trend

3. Effect of Labor Policies

The trend toward unemployment is increasingly serious, as the above graph indicates. But it can be reversed if the policies specified in the government's 10-year employment plan are implemented. (Source: Ministry of Labor)

[Question] It is a plan that even Luciano Lama considers good. But specifically, how does it work?

[Answer] In two ways, the effects of which add up. The first is a series of new laws to make the labor market more flexible. There are 10 of them, from a provision for expansion of part time (forming only 5 percent of the labor contracts in Italy today, as contrasted with 20 percent in America now) to limited contracts, which will be facilitated, from some new regulations for apprentices, who will cost firms less than regular workers, to the expansion of nominal hirings by the firms, for which the contractors will be able to choose freely whom to hire and will no longer have to hunt through prepared lists, and from the joint responsibility contracts to new regulations restricting the use of the wage supplement fund and permitting further recourse to collective dismissals of workers over 50 years old.

The Italy of the Unemployed

Calabria	15.1	Toscana	7.9
Basilicata	14.7	Piemonte	7.3
Campania	14.3	Friuli	7.3
Sicilia	12.1	Veneto	7.2
Sardegna	10.9	Liguria	6.7
Puglia	10.5	Emilia Romagna	6.6
Molise	10.2	Trentino A. Adige	6.6
Umbria	10.0	Lombardia	6.6
Lazio	9.8	Marche	6.2
Abruzzo	9.5	Valle d'Aosta	4.1

Here, region by region, is where employment is more widespread (in percentages of the total labor forces).

[Question] A real revolution. Of course Lama hardly believes it can be passed...

[Answer] It will be passed, it will be passed. I have already found many in agreement, even Giorgio Napolitano. And if the PCI does what it said it will, the employment plan will be passed. But it is not revolutionary in its deregulation of the labor market alone, but also in its second part, the active policies.

[Question] And what do they call for?

[Answer] They serve to solve two problems essentially. The first one is to recycle those on the wage supplement fund, 350,000 persons between 40 and 50 years old who have no hope of returning to work and will have to be brought into the market in various ways. The second one is the fate of those whom I call the "young long-term unemployed," hundreds of thousands of young people who have been looking for work for 10 years and are in danger of not finding it any more. The urban educated and trained youth who never works is a figure that has never existed in history. Today they are between 30 and 35 years of age and the firms prefer recent graduates to them. They are the ones who feed the army of those taking competitive examinations, for example. And various measures are provided for them too.

[Question] This is the outline, that is the first 3 years, of your 10-year plan. And are you convinced that Parliament will pass it without objections?

[Answer] I do not think the plan could be changed because it is a coherent whole that meets two requirements, creating more jobs and passing like other countries from a 19th century society wherein working time is predominant to one wherein leisure time prevails instead, and from an industrial society wherein work is seen as a fixed and rigid position to one wherein work will be less and less a position and more and more an activity or even a mixture of various dependent and independent activities to which people will give the best of themselves. The nature of labor will change in that way, and the countries that do not readjust their own laws only produce unemployment.

[Question] You said the second front to be opened in order to meet the international challenge is the industrial one...

/Answer/ Certainly, because the international competition will be fierce and the reorganization and restructuring of our productive system must be completed. Those who have run in these years, like Montedison, EniChem or Italtel, will have to run faster. And the government will do its part, both by eliminating or limiting all the old fixtures of paternalism, like the various Prodi laws and the Gepi, Rel and Ribs laws, and by heavily financing the scientific research and technology of the firms.

/Question/ But all this will be impossible if you lose the challenge on the ground of public finances, the deficits of which are eating up the financial resources of the state.

/Answer/ As a matter of fact we have reversed the boom trend in the deficit in the last few years, but it is still 100 trillion, and that is too much. What to do? For one thing, allocate part of the country's resources to stop this leak without driving the socioeconomic system to pay these debts too soon, that is to sequester the resources and lower the developmental capacity. It is necessary to foster growth even for public finances, because it means more taxes, more contributions and more employment creating more taxes and new contributions, thus forming a good circle on this front too.

/Question/ While the fourth front, the institutional one, is essential to good government...

/Answer/ I shall be satisfied with the simple but difficult reform of the parliamentary mechanisms.

/Question/ But in Italy there is another superpower, which Craxi sees in Fiat and in De Mita and calls the "restoration party," with various aims...

/Answer/ I think many in Italy, for reasons of political, economic or financial power, would like to make us change our course. But I do not think an economic policy like Thatcher's or Reagan's would be possible in Italy. Those who long for foreign schemes will have to realize this fact.

/Question/ You are counting on the agreement instead. Lama is proposing a "pact among the producers." Do you agree?

/Answer/ I think a pact for political and social coordination would be entirely favorable.

/Question/ What can be given to the trade unions, and what must be requested?

/Answer/ We are giving the trade unions a legislative, administrative and operational potential to cope with unemployment. And we are asking them to concentrate on that point as well, emphasizing employment rather than salaries even in the next contracts. If we also distributed the resources we have to the employed we would not be creating jobs for the unemployed.

/Question/ And what is to be given to and requested of Confindustria and the firms?

[Answer] A great deal can be given to the firms, namely financing for research and innovation, a more flexible labor market, and wage moderation. But we are asking them to be more amenable to development of the system and not just to that of individual firms. We are asking them to apply the policy of incomes to the profits too and not just to salaries. It is Ciampi, the president of the Bank of Italy, who maintains (and I agree with him) that there was an almost alarming growth of profits in 1984 and 1985. Now these will be converted not to BOT or mere distribution of dividends but to investments. Only if the firms do their part together with the trade unions and the government can they seize the opportunity of 1986 and win the international challenge.

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CSO: 3528/97

ENERGY

GREECE

GOVERNMENT URGED TO INCREASE OIL PRICES

Athens MESIMVRINI in Greek 11 Mar 86 p 7

[Article by K. Kolmer]

[Excerpt] The Greek Situation...

If the Greek economy were in some order--not a colossal, socialist disorder--what-ever was in force for international occurrences could be applied, mutatis mutan-dis, also for things in Greece.

Oil and fuel prices would fall...domestically. For the first time since 1973!

Strangely enough, our socialist government is giving thought to this! Not that it believes in the mechanisms of the market. But in order to be liked and, above all, to delude Greeks and foreigners into thinking that supposedly inflation has been tamed in Greece, it is preparing to decrease the prices of liquid fuels. But is this sound?

There are three possibilities prescribed in the case of the Greek oil market, not so much because of the falling price of crude oil--in as much as oil is a state monopoly--as, above all, because of the weakening parity of the dollar--because 15 percent of the imports theoretically could become in the end petroleum pro-ducts, for a cheaper exchange cost.

The three possibilities are:

1. For the prices of liquid fuels to be decreased, when the national budget's profit from the state monopoly will remain intact at 120 billion drachmas.
2. For prices to remain unchanged and the budget to enjoy a profit of 74 billion drachmas, as long as, in the end, provisions are made so that the exchange cost is decreased by 525 million dollars and--an impossible thing--the drachma/dollar parity is maintained at 140 drachmas to the dollar for all of 1986.
3. For liquid fuel prices to be increased 10 percent, as was anticipated at the beginning of the year, taking into account that the drachma is constantly losing in buying value versus the competing countries in the EEC. The national income from fuels will be increased by approximately 37 billion drachmas, to 157 billion drachmas, and the public deficit will be decreased, correspondingly, to 534 billion drachmas.

Each alternative solution has its advantages and disadvantages.

Disadvantages...Because of the State

The first--decreasing liquid fuel prices--has, on the one hand, the advantage of alleviating production and living costs but its disadvantage is that it will be an incentive for increasing fuel consumption at a time when the country's trade balance is suffering terribly. At the same time, the benefit to economic activity will be slight because of the Greek economy's small industrial base (zero production gain), while the relief for the consumer price index will be no more than one unit, when inflation is already "running" at a rate of more than 25 percent. Aside from this, it is clear that a drop in fuel prices is a short-lived pyrotechnic because it is completely artificial. With an actual deficit not of 570 billion drachmas, but 850 billion in the public sector, it is not only crazy to decrease fuel prices, it is also self-deception. Soon the government will be forced to increase them again, when the propagandistic weapon of the "picture gallery"--we will talk about this soon--misfires.

The second solution appears to have more advantages. In a season when everything is rising in price, keeping fuel prices unchanged will have good effects on production and consumption, in the sense of the "lesser of two evils." At the same time, because of the drachma's artificial upvaluation, the budget's gain will be on the order of 20 billion drachmas--as long as this self-deception lasts, of course.

Nevertheless, this solution contains dangers. Because, in a period in which there is an inevitable need to decrease the public deficit and curb demand--or, to be more exact, the inflationary pressures--the government will come to and lose an opportunity to create new revenues, without the unpleasant consequences of the Tsovolas type of tax-hunting and criminalizing which will mean a further outflow of capital abroad....

We suggest the third solution. Because, with a 10-percent increase in fuel prices in April, the public revenues will increase about as much as they would if the ill-advised and counterproductive law on criminalizing tax evasion were implemented, but without its well-known side-effects.

And the public deficit would decrease, but not enough--to 15 percent of the Gross National Product.

What the country needs now, of course, is not an increase in taxes--particularly direct taxes--but a drastic reduction of public expenses.

In this sense, the fall in oil prices presents a unique opportunity, because of the oversupply internationally: To abolish the "radical-liberal" device--of the Papaligouras season--of nationalizing oil, which became complete nationalization in the unforgettable time of Arsenis. And to decontrol the market in a first phase by 50 percent, and then 100 percent. This, of course, would mean an increase in fuel prices but also an improvement in its quality and, above all, a strengthening of public revenues from imports of petroleum products, which will stop being the victim in each government's procrustean bed for reasons of demagoguery and creating sensations. No one plays with combustibles because they catch fire easily.

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